

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 27** HLS 182ES 22  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 25, 2018	1:48 PM	<b>Author:</b> HARRIS, L.
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax: Retain 0.33% Levy, Standardize/Broaden Base		

TAX/SALES-USE, STATE EG +\$366,000,000 GF RV See Note Page 1 of 1  
 Subjects all sales & use tax levies in FY19 and beyond to a broader, more uniform tax base through FY 2023, and retains 0.33% of the temporary sales & use tax through FY 2023. (Item #22)

Present law subjects certain transactions to sales and use tax via levies in R.S. 47:302 (2%), 47:321 (1%), 47:331 (0.97%), and 47:321.1 (1%). Each levy is subject to a particular list of exemptions and exclusions, some of which are temporarily suspended through FY18. R.S. 51:1286 levies an additional three hundredths of one percent sales and use tax on all transactions covered by R.S. 47:331, and allocates the proceeds to the LA Tourism Promotion District (TPD). The levy in R.S. 47:321.1 (1%) will expire on June 30, 2018. Certain business utilities are taxed at 1% until March 31, 2019, at which time they will become fully exempt.

Proposed law removes and/or sunsets certain exemptions and exclusions to the levies such that the taxable base for all levies will be identical for FY19-FY23. Proposed law retains the temporary levy of 1% in R.S. 47:321.1 at a rate of one-third of a percent (0.33%) through June 30, 2023. Proposed law additionally provides that certain business utilities will be exempt from certain levies through FY23. Effective July 1, 2018.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$366,000,000	\$402,000,000	\$402,000,000	\$402,000,000	\$402,000,000	<b>\$1,974,000,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000	<b>\$15,000,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$369,000,000</b>	<b>\$405,000,000</b>	<b>\$405,000,000</b>	<b>\$405,000,000</b>	<b>\$405,000,000</b>	<b>\$1,989,000,000</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Proposed law generally eliminates exemptions and exclusions as defined in R.S. Title 47 and applies a uniform list of exemptions and exclusions to each levy for FY19-FY23. It retains the temporary levy in R.S. 47:321.1 and reduces the rate to 0.33%, starting July 1, 2018. The total tax rate applying to transactions in the uniform base will be 4.33%; 4.3% to the state General Fund, and 0.03% to the Louisiana Tourism Promotion District (TPD). After FY23, the total rate will be 4.0%.

Purchases of utilities made by businesses will be exempt from all levies other than R.S. 47:302 (2%), and subject to a total rate of 2%.

Based on reported sales and tax receipts by sales tax remitters since April 2016, proposed law will increase total revenue by an estimated \$369 million in FY19 (\$366 million General Fund + \$3 million TPD), relative to current law in FY19.

Current law provides that certain business utilities will be taxed at 1% for 9 months of FY19. This provision will be replaced by proposed law, which diminishes the revenue gain in FY19 by approximately \$36 million, to the FY19 total in the table above. Business utilities will generate an estimated \$96 million in FY20 and all years following, resulting in a total revenue impact of \$405 million (\$402 million General Fund + \$3 million TPD) for those years.

Increased collections under the 0.03% levy applied by R.S. 51:1286 (LA Tourism Promotion District) account for the revenue increase to the Ded./Other revenues in the table above.

The most significant revenue-generating items in FY19 are listed below (totals may not match table above due to rounding):  
 Applying 0.33% levy to the bill's tax base (excluding motor vehicles and business utilities): \$258 mil  
 Business Utilities- 2%: \$60 mil  
 Applying 0.33% levy to motor vehicle purchases: \$33 mil  
 Removing exemptions from 4% of levies (approx. 100 items, all less than \$5 mil each): \$18 mil

Senate  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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