

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 338** SLS 09RS 875
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 26, 2009 1:00 PM	Author: GRAY EVANS
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Sales exempt Hands On N.O. and Rebuilding Together N.O.	

TAX EXEMPTIONS OR NO IMPACT GF RV See Note Page 1 of 1
 Exempts from state and local sales tax the sale of construction materials to certain organizations intended for use in constructing new residential dwellings in this state. (7/1/09)

Current law provides an exemption from state and local sales tax for purchases of construction materials by the Habitat for Humanity for new residential dwellings (R.S. 47:305.59).

Proposed law retains current law and provides an exemption from state and local sales tax for construction materials purchased for new residential dwellings to be built by the Hand On New Orleans and Rebuilding Together New Orleans covenant partners.

Effective July 1, 2009.

EXPENDITURES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>5 -YEAR TOTAL</u>
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Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill offers the same exemption that is afforded to Habitat for Humanity to these organizations, which allows an exemption from state and local sales tax on the purchase of construction materials related to new homes, not renovations. However, the missions of the two organizations specified by this bill are related primarily to renovation and repair of existing structures. Thus, the bill would appear to provide little tax reduction for these organizations, and should result in little or no direct material effect on governmental revenues.

However, if purchases related to renovations are included, the state cost would increase, albeit to a small amount of only \$5,000 or so. The local impact will differ depending on the local sales tax rate in place but will slightly more than the state impact in aggregate.

Rebuilding Together New Orleans is organized through the Preservation Resource Center of New Orleans and provides rehabilitation and renovation services to the urban poor. Of the rehabilitation and renovation projects undertaken by Rebuilding Together New Orleans, very little is centered around building new residential dwellings with more emphasis placed on historic preservation of existing structures. However, this organization is planning to renovate about 100 homes each fiscal year for the next five years with average purchases for materials of \$800 for each project. This implies total expenditures of \$80,000 with state sales tax of \$3,200 and local sales tax of \$3,600, assuming a 4.5% local rate.

Hands On New Orleans organizes volunteers to provide manual labor for various projects. The projects include renovations, repairs, landscaping among other skills that involve manual labor that may not be available. Very few of the projects involve construction of new residential dwellings. No specific data was available at the writing of this note but it is assumed that the activity level of this organization is in keeping with that of Rebuilding Together New Orleans.

Senate Dual Referral Rules

13.5.1 >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

House

6.8(F) >= \$500,000 Annual Fiscal Cost

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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