

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 33** SLS 09RS 271
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Changes SIC 3312 to NAICS 331111	

TAX EXEMPTIONS EGF -\$14,000 GF RV See Note Page 1 of 1
 Provides for sales and use tax exemption on purchases of utilities by certain businesses. (7/1/09)

Current law provided a sales tax exemption for utilities by steelworks, blast furnaces, coke ovens, and rolling mills with more than 125 employees. The exemption is available to companies classified by the Louisiana Workforce Commission within sector 3312 of the Standard Industrial Classification System.
Proposed law retains current law but changes the SIC 3312 requirement to the North American Industry Classification System (NAICS) sector 331111. Proposed law also provides the definition of utilities as sales of steam, water, electric power or energy and natural gas.
Proposed law exempts sales of tangible personal property on installations or other property owned or operated by the Military Department from state and local sales tax.

Effective July 1, 2009.

EXPENDITURES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
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>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 -YEAR TOTAL
State Gen. Fd.	(\$14,000)	(\$14,000)	(\$14,000)	(\$14,000)	(\$14,000)	(\$70,000)
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>(\$15,000)</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>	<u>(\$15,000)</u>	(\$75,000)
Annual Total	(\$29,000)	(\$29,000)	(\$29,000)	(\$29,000)	(\$29,000)	(\$145,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

NAICS Identification

This bill changes the SIC 3312 classification to the NAICS 331111 classification for a company to become eligible for the exemption. According to the Louisiana Workforce Commission, both codes capture the same corporations so the change will have no fiscal impact.

The definition of utilities as sales of steam, water, electric power or energy, and natural gas merely restates current practice in issuing credits so is also expected to have no impact.

Military Sales Tax Exemption

According to the LA Military Department, three of the four state military installations (the Gillis Long Center, Jackson Barracks, and Camp Minden) currently collect and remit approximately \$14,000 per year to the state and \$15,000 per year to local governments from sales on those installations. The post exchange on Camp Beauregard is operated by a federal entity and does not collect or remit sales taxes. Exempting the three state installations from state & local sales taxes on their sales will reduce state & local tax receipts by approximately the amounts above each year. To the extent this exemption allows these installations to attract sales away from traditional retail outlets by that portion of the population with access to these military installations annual revenue losses will be greater than these estimates.

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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