

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **HB 389** HLS 09RS 455  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 24, 2009 3:18 PM	<b>Author:</b> GREENE
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Makes permanent a state and local sales tax exemption	

TAX/SALES-USE, ST-EXEMPT EN -\$1,100,000 GF RV See Note Page 1 of 1  
 Removes the termination date of the exemption for purchases and leases of educational materials and equipment used for classroom instruction by nonpublic schools

Current law allows an exclusion from state and local sales and use tax on purchases and leases of educational materials and equipment used for classroom instruction by nonpublic schools, and on tangible personal property sold by these schools if the money is used solely to support the school or its program or curricula. The exclusion expires on July 1, 2009.

Proposed law retains current law and makes the exclusion permanent.

Effective June 30, 2009.

<b>EXPENDITURES</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></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>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$1,100,000)	(\$1,100,000)	(\$1,100,000)	(\$1,100,000)	(\$1,100,000)	<b>(\$5,500,000)</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	<u>(\$1,300,000)</u>	<u>(\$1,300,000)</u>	<u>(\$1,300,000)</u>	<u>(\$1,300,000)</u>	<u>(\$1,300,000)</u>	<b><u>(\$6,500,000)</u></b>
<b>Annual Total</b>	<b>(\$2,400,000)</b>	<b>(\$2,400,000)</b>	<b>(\$2,400,000)</b>	<b>(\$2,400,000)</b>	<b>(\$2,400,000)</b>	<b>(\$12,000,000)</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

State General Fund revenue is anticipated to decrease approximately \$1.1 million in FY 09/10 based on the state's 4% sales and use tax. Local revenue is expected to decrease approximately \$1.3 million statewide assuming a weighted statewide local sales tax rate of 4.75%. This fiscal note estimate is based on information obtained from the FY 2007-2008 Louisiana Department of Education Annual Financial Report which indicates that expenditures by public elementary and secondary schools in Louisiana on textbooks, workbooks, and equipment amounted to \$211 per student { \$145.8 million expenditures on workbooks, textbooks, equipment (but excluding special & vocational educational expenditures) divided by 690,340 public pupils = \$211 }. According to information from the Department of Education, the number of nonpublic pupils in FY 2007-08 was 126,786. Assuming that expenditures for these items per pupil by nonpublic schools are roughly equivalent to public school expenditures per pupil, at \$211 expenditures per pupil, an exclusion from the state's 4% sales and use tax would yield a State General Fund revenue loss of approximately \$1.1 million annually and an estimated \$1.3 million annually from local sales and use tax. Since this exemption was last visited in HB 212 of the 2005 Regular Session, these reported expenditures have nearly doubled, according to the Annual Financial Report of the Department of Education, while student numbers have fallen by about 5%.

The proposed legislation would also exclude from state and local sales and use tax the sale of tangible personal property sold by these schools if the money is used solely to support the school program or curricula. This generally will include most fund raising sales currently exempt under R.S. 47:305.14, although this statute does not allow tax-free sales for events that yield a profit to a promoter or individual, or compete with retail merchants, nor does it include sales made on a continual basis. This portion of the exclusion could allow additional exempt sales on a limited basis in addition to regular commercial sales if the profits benefited the school. The Legislative Fiscal Office does not have information on which to base an estimate of this potential loss of revenue, but it is not anticipated to add significantly to the estimated loss.

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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