



OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note

Fiscal Note On: SB 707 SLS 10RS 1460
Bill Text Version: REENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.: REVISED

Date: May 19, 2010 5:14 PM Author: ALARIO
Dept./Agy.: Parishes and Municipalities Analyst: Michael Cragin
Subject: Occupational License Tax

TAX/LOCAL RE DECREASE LF RV See Note Page 1 of 1
Provides for the definition of contractor for purposes of the occupational license tax in certain parishes. (8/15/10)

Purpose of Bill: This bill revises the definition of "contractor" relative to the occupational license tax only in parishes with a population between 450,000 and 480,000 according to the latest federal decennial census. For qualifying parishes (currently Jefferson Parish only), the bill adds movable to a list (building, highway, road, excavation, other structure, etc.) of what a contractor may impact (construct, alter, repair, add to, etc.). In addition, the word "contractor" shall include oil field-related fabrication as well as oil field service contractors, including those contractors performing maintenance, construction, and fabrication of tangible property, movable or immovable, and general oil well servicing, maintenance, and construction when conducted as a single company unit. For affected parishes, "general oil well servicing" and "fabrication" shall include welding, pipe coating, pipe inspection, wireline service, automation, work over, logging, analysis, seismograph, installing and servicing equipment, packing, platform work, perforating, and completion.

Table with 7 columns: EXPENDITURES, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total, all showing \$0.

Table with 7 columns: REVENUES, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds (DECREASE, SEE BELOW), and Annual Total (\$0).

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Revenues of affected local governments are anticipated to decrease.

Using the 2000 (latest) federal decennial census, Jefferson Parish is the only parish within the measure's population range (450,000 to 480,000). An official with the Tax Collection Department of the Jefferson Parish Sheriff's Office estimated a \$250,000 annual decrease in license tax revenues based on the number of oil field fabricators that would fall under the new definition of contractor. These estimates assume that oil field fabricators who now pay an occupational license tax of up to \$6,200 (based on gross sales) would be limited to the contractor maximum of \$750.

We were also informed that if the definition of contractor includes those who work on movables, the decrease in revenues would be significantly more than \$250,000.

Note: In 2009 (not a decennial census), no parish's population fell within the measure's population range. The population in Jefferson Parish for 2009 was estimated to be 443,342, and the next nearest population to this range was East Baton Rouge Parish which was estimated to be 434,633 (Source: U.S. Census Bureau, Population Division).

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost

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

House

6.8(F) >= \$100,000 Annual SGF Cost

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

Signature of Michael G. Battle

Michael G. Battle
Manager, Performance Audit