



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 3** SLS 162ES 13
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

| | | |
|--|----------|--------------------------------|
| Date: June 9, 2016 | 12:20 PM | Author: MORRELL |
| Dept./Agy.: Revenue | | |
| Subject: Exempts certain items from state sales tax | | Analyst: Deborah Vivien |

TAX/TAXATION OR DECREASE GF RV See Note Page 1 of 2
Provides with respect to exemptions from state sales tax. (Item Nos. 7-35) (7/1/16)

Current law taxes purchases of tangible personal property and certain services under 4 state sales tax impositions: 1%, 2%, 1.97% and 1% for a total of 4.97%, though not all items are taxed at the maximum rate. Items specifically exempt from taxation through 6/30/18 are listed under R.S. 47:302 (2%) and 47:321.1 (1%). Various taxable transactions will be exempt from state sales tax beginning 7/1/18.

Proposed law exempts certain transactions from 3% of state sales taxes imposed under R.S. 47:302 (2%) and 47:321.1 (1%) by adding these items to the exemption list of each imposition. The exemption will begin 7/1/16. A list of call items in the bill is included on page 2 of the note. Certain items will remain taxable at 1% as they were prior to the 2016 First Extraordinary Session.

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 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> | <u>\$0</u> |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|----------------|----------|----------|------------|------------|------------|-------------------|
| State Gen. Fd. | DECREASE | DECREASE | \$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 | DECREASE | DECREASE | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | \$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 provides an exemption from state sales tax, and to the extent that these transactions occur and are exempt from state sales tax on their eligible purchases made on or after 7/1/16, state receipts will be less than they would otherwise be. Reporting associated with this exemption is included in the aggregate "other" category on the sales tax form which does not provide specific data reflecting these particular transactions individually. However, the cumulative effect of changes to taxes reported in the "other" category may be substantial depending upon the number and type of similar exemptions enacted this session.

To the extent transactions are exempted from taxation, revenue collections are lower than they would otherwise be, even if specific foregone revenue amounts are not known. The effect of bills such as this are incorporated by utilizing forecasts at the lower end of the range of possible forecasts, and the actual lower collections history becomes the basis for future revenue forecasts.

The bill will have no impact in FY 19 and beyond as these purchases are already exempt at that time under current law.

| | | |
|--|---------------------|--|
| Senate | Dual Referral Rules | House |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
Chief Economist



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 3** SLS 162ES 13
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

| | | |
|--|----------|--------------------------------|
| Date: June 9, 2016 | 12:20 PM | Author: MORRELL |
| Dept./Agy.: Revenue | | |
| Subject: Exempts certain items from state sales tax | | Analyst: Deborah Vivien |

| CONTINUED EXPLANATION from page one: | | Page 2 of 2 |
|---|---|-----------------------|
| Call Item | Call Language | R.S. Citation |
| 7 | Sales of admissions to athletic and entertainment events for elementary and secondary schools | 47:301(14)(b)(i) |
| 8 | Sales of food products by a youth-serving organization chartered by the United States Congress | 47:301(10)(h) |
| 9 | Sales, leases, or rentals to Boys State of Louisiana, Inc. and Girls State | (10)(r) |
| 10 | Sales and donations of tangible personal property by food banks | 47:301(10)(j) |
| 11 | Sales of room rentals by a camp or retreat facility owned by a nonprofit organizations | 47:301(6)(b) |
| 12 | Sales of room rentals by a homeless shelter | 47:301(6)(c) |
| 13 | Sales , leases, rentals, and use of educational materials and equipment by parochial and private elementary and secondary schools who comply with Dodd Brumfield | (10)(q) |
| 14 | Sales by parochial and private elementary and secondary schools that comply with Dodd Brumfield | (18)(e) |
| 15 | Sales by nonprofit entities that sell donated goods and spend revenue on training or employment of persons with disabilities | 47:301(8)(f) |
| 16 | Isolated or occasional sales | 47:301(10)(c)(ii)(bb) |
| 17 | Sales or purchases of fire-fighting equipment by volunteer fire departments | 47:301(10)(o) |
| 18 | Hospitals that provide free care to all patients | (10)(p) |
| 19 | Sales of membership fees or dues of nonprofit, civic organizations | 47:301(14)(b)(i) |
| 20 | Sales of admissions to entertainment events sponsored by domestic nonprofit charitable, religious or educational organizations (still taxable at 1% but may be eligible for 0% under Item Item 24) | 47:305.13 |
| 21 | Sales of admissions to entertainment events by Little Theater (still taxable at 1%) | 47:305.6 |
| 22 | Sales of admissions to musical performances sponsored by nonprofit organizations (still taxable at 1%) | 47:305.7 |
| 23 | Sales of admissions and parking fees at fairs and festivals sponsored by nonprofit organizations (still taxable at 1% but may be eligible for 0% under Item Item 24) | 47:305.18 |
| 24 | Sales of admissions, parking fees, and sales of tangible personal property at events sponsored by nonprofit organizations | 47:305.14(A)(1) |
| 25 (d) | Sales of human tissue transplants | 47:301(10) |
| 26 | Sales or use of materials used directly in the collection of blood | 47:301(16)(j) |
| 27 (k) | Sales or use of apheresis kits and Leuko reduction filters | 47:301(16) |
| 28 | Sales or use of orthotic devices, prosthetic devices, and wheelchairs prescribed by physicians, optometrists or chiropractors | 47:305(D)(1)(k) |
| 29 | Sales or use of ostomy, colostomy, and ileostomy devices and equipment | 47:305(D)(1)(l) |
| 30 | Sales or use of adaptive driving equipment and motor vehicle modifications prescribed for personal use | 47:305(D)(1)(u) |
| 31 | Purchase or rental of kidney dialysis machines, parts, materials, and supplies | 47:305(G) |
| 32 | Sales of meals by educational institutions, medical facilities, mental institutions | 47:305(D)(2) |
| 33 | Purchases of fishing boats, supplies, fuels, lubricants, and repairs for the boats of licensed commercial fisherman | 47:305.20 |
| 34 | Sales of butane, propane, or other liquified petroleum gases for private, residential consumption | 47:305.39 |

| Senate | Dual Referral Rules | House |
|--|---------------------|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
Chief Economist