

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: SB 5 SLS 162ES 4

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Table with 2 rows and 3 columns: Date (June 10, 2016 3:17 PM), Author (CHABERT), Dept./Agy. (Revenue), Subject (Creates sales tax exemption for certain residential fuels), Analyst (Deborah Vivien)

TAX EXEMPTIONS OR DECREASE GF RV See Note Page 1 of 1
Legislates with regard to sales of butane, propane, or other liquified petroleum gases for private, residential consumption. (7/1/16)(Item No. 34)
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%). Purchases are currently taxed at 3% and will be exempt from state sales tax beginning 7/1/18.
Proposed law exempts sales of butane, propane or other liquified petroleum gases for private, residential consumption from state sales tax beginning 7/1/16 by adding them to the exemption list under R.S. 47:302 (2%) and 47:321.1 (1%).

Table with 7 columns: EXPENDITURES, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.
Table with 7 columns: REVENUES, 2016-17, 2017-18, 2018-19, 2019-20, 2020-21, 5 -YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

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 sales of butane, propane or other liquified petroleum gases for private, residential consumption will no longer be subject to 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. 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
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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