

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 391** HLS 17RS 906  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 17, 2017 8:02 PM	<b>Author:</b> CARTER, ROBBY
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales & Use Tax: Shipping of Tangible Personal Property	

TAX/SALES-USE-DEFINITIONS OR INCREASE GF RV See Note Page 1 of 1  
 Specifically includes shipping and transportation services of tangible personal property as a taxable sale, and excludes transportation costs from "cost price" for the purposes of sales/use tax enforcement.

Current law does not include shipping and transportation of tangible personal property under the definition of "sales of services" for the purposes of the sales tax, and provides that transportation charges are excludable from the cost price of articles of tangible personal property for the purposes of use tax.

Proposed law makes shipping and transportation charges a taxable service, and eliminates transportation charges as an exempt charge in determining the cost price of tangible personal property subject to sales and use tax.

Effective July 1, 2017.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</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	\$0	\$0	\$0	\$0	\$0	<b>\$0</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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

LDR notes that proposed law is unclear on what constitutes transportation and shipping services, and whether various items including pipeline, barge, or towing transportation services would be treated as taxable. It is assumed that the transportation of human beings would not be treated as taxable, as this type of transportation service often does not primarily transport tangible personal property.

While LDR further notes that 32 states currently tax transportation and shipping services, with various exemptions, including some for items that cannot be taxed for legal reasons such as interstate sales protected by the Commerce Clause, or untaxable agencies of the federal government such as the U.S. Postal Service, no collections information has been available to date upon which to assess a likely impact in Louisiana. No exemptions are specified by proposed law.

While the bill expands the tax base and will result in additional revenue collections, presumably for both state and local governments, the magnitude of affected charges and tax receipts can not be readily determined or estimated. Impacts due to proposed law will be increased revenues for the General Fund, Dedicated Funds, and Local Funds. The gain in revenues is indeterminable at present, as any type of shipping or transportation charge may become taxable.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Gregory V. Albrecht*  
**Gregory V. Albrecht**  
**Chief Economist**