

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



Fiscal Note On: **HB 24** HLS 181ES 69  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** February 26, 2018 9:55 AM **Author:** SMITH  
**Dept./Agy.:** REVENUE **Analyst:** Benjamin Vincent  
**Subject:** Sales Tax: Holidays

TAX/SALES-USE EG +\$400,000 GF RV See Note Page 1 of 1

Repeals the Annual Louisiana Second Amendment Weekend Holiday and hurricane preparedness sales tax holiday. Retains the Annual Louisiana Sales Tax Holiday, expands to certain hunting-related purchases, and renames the holiday.

Current law provides that during the first weekend in August, the first \$2,500 of the sales price of tangible personal property shall not apply to any state sales & use tax. Current law provides that during the last weekend in May, the first \$1,500 of the sales prices of certain hurricane-preparedness items shall not apply to any state sales & use tax. Current law provides that during the first full weekend in September certain firearms, ammunition, hunting supplies and other items are shall not apply to any state sales & use tax.

Proposed law repeals the May and September holidays, and expands the August holiday to three days and to include certain purchases that previously only applied to the September Second Amendment Weekend holiday.

Effective July 1, 2018.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</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>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	<b>\$2,000,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	<b>\$15,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Current law provides that purchases up to \$2,500 made during the Annual Louisiana Sales Tax Holiday in August are exempt from state sales & use tax. Vehicles subject to license and title and certain meals are not exempted.

Proposed law repeals the exemptions granted on the existing sales tax holidays in May and September. Proposed law also extends the August holiday from two days to three, mandates participation by political subdivisions, and provides that certain purchases of off-road vehicles and vessels will be included in the holiday.

LDR reports revenue losses due to all three tax holidays, and OMV reports sales tax revenue losses on purchases of certain off-road vehicles due to the Second Amendment Weekend holiday. Based on reported sales and tax receipts, proposed law is expected to generate an estimated \$0.2 million in state general sales tax due to repealing the May and September holidays, and \$0.2 million in state motor vehicle sales tax due to the \$2,500 limit on exemption to the sales price. The revenue increases in the table above reflect an increase in the rate of sales tax applied from 0% to 4% on the relevant transactions at the state level.

The total estimated general fund impact is \$0.4 million. Of this total, the Tourism Promotion District will collect a small amount, some \$3,000 per year, reflected as Ded./Other in the table above, and the state general fund will collect the balance.

The LA Association of Tax Administrators reports that only one parish in the state currently opts to participate in the August holiday. Proposed law will substantially reduce local sales tax revenues by mandating that locals participate. The revenue impact from this provision alone is a revenue loss of approximately \$4.6 million to local revenues statewide.

Additionally, proposed law appears to exempt food for home consumption and prescription drugs from local sales tax during the three-day holiday period. To the extent that local authorities tax these transactions, local revenues will decrease from this provision, as well.

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}

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