

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 450** HLS 19RS 647
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 14, 2019 3:09 PM	Author: IVEY
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Sales Tax: Annual LA Sales Tax Holiday	

TAX/SALES-USE-EXEMPT OR -\$6,400,000 GF RV See Note Page 1 of 1
 Provides with respect to sales and use tax exemption holidays

Present law suspends certain sales and use tax exemptions, subjecting purchases during the Annual Louisiana Sales Tax Holiday (R.S. 47:305:54) to the full 4.45% state-level rate through July 1, 2025, at which time these purchases will become fully exempt.

Proposed law provides that the exemptions under the annual sales tax holiday would be reinstated, and fully exempt from the total rate of 4.45% of state sales and use tax. Proposed law extends the full exemption to local sales and use taxes. Proposed law additionally extends the length of the annual holiday from two days to three, and permanently repeals the suspended sales tax holidays in R.S. 47:305.58 and 47:305.62.

Effective July 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	(\$6,400,000)	(\$6,400,000)	(\$6,400,000)	(\$6,400,000)	(\$6,400,000)	(\$32,000,000)
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law provides that the suspended sales tax holiday in R.S. 47:305:54 would be reinstated, and that these purchases would be fully exempt from state and local sales and use tax. As sales tax data reported for tax holidays has fluctuated significantly in recent years, the estimate of the impact of proposed law is based on a multi-year average of recent sales tax holiday data.

Anticipated sales associated with the expanded Annual LA Sales Tax Holiday implies a state revenue loss of \$6.4 million per year at a 4.45% tax rate. Additionally, to the extent political subdivisions apply local sales tax to purchases during this holiday, local funds will decrease.

This revenue loss is depicted as entirely state general fund in the table above, but small amounts of loss (roughly 1% of the total) will occur to the Tourism Promotion District allocation and economic development dedications, 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}

Gregory V. Albrecht
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Chief Economist