

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 6** HLS 21RS 30
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 3, 2021 12:17 PM	Author: RISER
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Hurricane Preparedness Sales Tax Holiday	

TAX/SALES-USE-EXEMPT OR -\$100,000 GF RV See Note Page 1 of 1
 Provides for the effectiveness of the annual state sales tax holiday for hurricane-preparedness items or supplies

Present law suspends certain state and local sales and use tax exemptions, subjecting purchases during the Hurricane Preparedness Sales Tax Holiday (R.S. 47:305:58) to the full 4.45% state-level tax rate through July 1, 2025, at which time these purchases will become fully exempt. The holiday, when effective, is held the last Saturday and Sunday in May, and exempts the first \$1,500 of purchases of certain hurricane-preparedness items and supplies.

Proposed law provides that the exemptions under the Hurricane Preparedness Sales Tax holiday would be reinstated, and fully exempt from the total rate of 4.45% of state sales and use tax. Proposed law additionally repeals the statutory suspension for the one-time sales tax holiday in November 2020 (R.S. 47:305:74).

Effective upon governor's signature.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	\$0	(\$400,000)
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	\$0	(\$400,000)

EXPENDITURE EXPLANATION

LDR reports that modifying the current set of suspended exemptions will require minor expenditures for tax return form redesign, and for computer system modification, development, and testing.

REVENUE EXPLANATION

Proposed law provides that the suspended Hurricane Preparedness sales tax holiday in R.S. 47:305.58 would be reinstated, and that these purchases would be fully exempt from state sales and use tax.

A multi-year average estimate of recent sales tax data for this holiday implies an annual general fund impact of approximately \$100,000 at a 4.45% state tax rate.

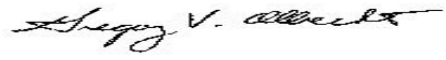
The state revenue loss is depicted as entirely state general fund in the table above, but small amounts of loss (roughly 1% of the total) will occur to the Tourism Promotion District allocation and economic development dedications, as well.

Current law provides that the exemption will permanently regain effectiveness in FY26. Thus, proposed law would have no revenue impact in FY26 or in any following year.

While sales tax holidays may change the timing of purchases from taxable days to tax-exempt days around the holiday period, they are not likely to materially change the overall level of annual spending. Thus, their effect is a loss of tax receipts.

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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