



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 486** HLS 21RS 908  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> April 20, 2021 3:43 PM	<b>Author:</b> DEVILLIER
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Constitutional Sales Tax Exemptions	

TAX/SALES-USE-EXEMPT OR INCREASE GF RV See Note Page 1 of 1  
 (Constitutional Amendment) Provides relative to state sales and use tax exemptions for food for home consumption, utilities for residential use, and prescription drugs  
Current law provides that certain transactions are exempt from state sales and use tax levies. These exemptions include certain residential utilities, food for home consumption, and prescription drugs.

Proposed constitutional amendment repeals the constitutional provision that exempts residential utilities, food for home consumption, and prescription drugs from state sales and use tax.

Proposed amendment will be put to a statewide vote November 8, 2022. Effective January 1, 2023.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

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

**REVENUE EXPLANATION**

Proposed amendment would repeal constitutional state sales and use tax exemptions for residential utilities, prescription drugs, and food for home consumption.

Removal of the constitutional provision appears to fully subject the purchases of prescription drugs and residential electricity to state sales and use tax. Due to statutory provisions in R.S. 47:305, additional legislation appears to be required to effectively subject food for home consumption, residential natural gas, and water to the sales tax.

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

For informational purposes regarding potential revenue in the event that the constitutional exemptions were additionally repealed in statute, listed below is the average tax value of the three most recent fiscal years available of the constitutional exemptions repealed by proposed amendment.

- Food for home consumption: \$450 million
- Residential Utilities: \$217 million
- Prescription Drugs: \$440 million

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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