

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 56** SLS 23RS 159

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 7, 2023	9:23 AM	Author: CATHEY
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Sales tax holiday in September for guns, ammo and hunting		

TAX EXEMPTIONS EN DECREASE GF RV See Note
Reinstates the Second Amendment sales tax holiday. (7/1/23)

Current law allows for a three day holiday from state and local sales tax for consumer purchases of all firearms, ammunition and hunting supplies on the first consecutive Friday through Sunday of September each year. Hunting supplies include archery, off-road vehicles, ATVs, airboats, pirogues, accessories, animal feed, apparel, shoes, bags, float tubes, binoculars, tools, firearm and archery cases and accessories, range finders, knives, decoys, tree stands, blinds, chairs, optics, hearing protection and enhancements, holsters, belts, slings, miscellaneous gear and the any other hunting-related items. Though the local sales tax holiday is in effect, the current holiday for state sales tax is suspended until September 2025.

Proposed law will reinstate the state sales tax holiday for September of 2023 (FY24) and 2024 (FY25) but excludes animal feed, float tubes, off-road vehicles, such as ATVs and vessels, such as airboats.
Effective upon governor's signature.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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>	\$0
Annual Total		\$0	\$0	\$0	\$0	\$0

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	\$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>	\$0
Annual Total			\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The La Department of Revenue indicates that \$24,680 will be needed for computer system changes necessary to track the proposed exemption. The expenses for this bill may be absorbed in the current budget although an assessment of the cumulative effect of all measures passed during the session may warrant an additional funding request.

REVENUE EXPLANATION

State general fund revenue will decrease in FY 24 and FY 25 as the state sales tax holiday is reinstated by this bill. The sales tax holiday is in current law but is suspended as it was not included in the Act 1 of 2018ES1 protections which expire on 6/30/25.

Actual sales data related to firearms, ammunition and hunting materials cannot be directly extracted due to the numerous outlets that sell these products and the inability to differentiate between the sales of specific items within the reported data.

When this sales tax holiday was in effect prior to 2016, the average estimated loss per year was about \$900,000, according to the Tax Exemption Budget, and the state sales tax rate was 4%. If that amount is carried forward at 2% growth and allowing for an additional 0.45% tax rate that is in effect in FY 24 and FY 25, the loss may be closer to \$1.3 M annually. However, given the broad array of items affected by this bill, recent spending patterns in the aggregate and the exclusion of many big-ticket items, there is considerable uncertainty in considering the impact of past sales tax holidays as indicative of the impact of future sales tax holidays authorized by the bill.

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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