



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SB 171** SLS 25RS 390
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 16, 2025	4:23 PM	Author: ALLAIN
Dept./Agy.: Revenue		Analyst: Mimi Blanchard
Subject: Sale/Use Exemption - Bottled Beverages		

TAX EXEMPTIONS OR -\$17,000,000 GF RV See Note Page 1 of 1
 Provides a state sales and use tax exemption for certain beverages sold in bottles, jugs, or containers. (gov sig)

Current law provides state sales and use tax exemptions for specific items, including food sold for preparation and consumption in the home, such as bakery products, dairy products, soft drinks, fresh fruits and vegetables, and packaged foods requiring further preparation by the purchaser.

Proposed law retains current law and extends this exemption to include water, mineral water, carbonated water, and flavored water sold in bottles, jugs, or containers.

Applicable to taxable periods beginning on or after July 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	(\$17,000,000)	(\$17,000,000)	(\$17,000,000)	(\$17,000,000)	(\$17,000,000)	(\$85,000,000)
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$17,000,000)	(\$17,000,000)	(\$17,000,000)	(\$17,000,000)	(\$17,000,000)	(\$85,000,000)

EXPENDITURE EXPLANATION

LDR may incur minor expenses associated with updating tax forms, modifying the collection process, and making other administrative adjustments to accommodate the changes in the point of taxation. LFO believes that the department will be able to absorb these costs within it's current budget, but may require additional resources if the aggregate impact of all bills enacted during this session is substantive.

REVENUE EXPLANATION

Proposed law exempts water, mineral water, carbonated water, and flavored water sold in bottles, jugs, or containers from the 5% state sales and use tax. To the extent that items are purchased, the associated revenue losses will affect the State General Fund* (SGF) and associated dedications to LED, CRT and LDR.

Based on data from the International Bottled Water Association (IBWA), Louisiana residents are estimated to purchase approximately 46.4 gallons of bottled water per person annually. Imposing an average retail price of \$1.60 per gallon over a population of 4.6 million, estimated annual retail sales total approximately \$341 million. Assuming a substantial portion of these purchases qualify under the exemption and applying the 5% state tax rate, potential annual revenue losses to the SGF could exceed \$17 million. This estimate does not consider sales of sparkling, flavored waters, or premium water brands, which are typically priced higher than traditional bottled water.

* The SGF impact may originate as the LDR retention of 1% of income and sales tax collections initially classified as SGR but ultimately reverted to the SGF for use in the budget. Should LDR reversions cease, this could become an SGR impact.

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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