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		Fiscal Note On:	HB 51	HLS 162ES	30
Legialative		Bill Text Version:	REENGROSS	ED	
Fiscally		Opp. Chamb. Action:	w/ SEN COM		
Historia Anna anna an		Proposed Amd.:			
		Sub. Bill For.:			
Date: June 19, 2	2016 5:48 PM	A	Author: MORRI	S, JIM	
Dept./Agy.: Revenue				-	
Subject: Exempts	certain items from state sales tax	Α	nalyst: Debora	ah Vivien	

TAX/SALES-USE, STATE

RE1 SEE FISC NOTE GF RV

Page 1 of 2

Provides with respect to the effectiveness of certain exclusions and exemptions from state sales and use taxes (Items #7-34)

<u>Current law</u> taxes purchases of tangible personal property and certain services under 4 state sales tax impositions: 1%, 2%, 1.97% and 1% for a total of 4.97%, though not all items are taxed at the maximum rate. Items specifically exempt from taxation through 6/30/18 are listed under R.S. 47:302 (2%) and 47:321.1 (1%). Various taxable transactions will be exempt from state sales tax beginning 7/1/18.

<u>Proposed law</u> exempts certain transactions from 3% of state sales taxes imposed under R.S. 47:302 (2%) and 47:321.1 (1%) by adding these items to the exemption list of each imposition. The exemption will begin 7/1/16. A list of call items in the bill is included on page 2 of the note. Certain items will remain taxable at 1% as they were prior to the 2016 First Extraordinary Session. The bill defines isolated or occasional sales as those by individuals not required to register as a dealer, as well as those not employing an auctioneer, broker, or factor for the sale. Isolated sales are also not sales of aircraft, recreational boats, mobile homes, or motor vehicles, any of which require state or federal documentation. Provisions of the bill are severable.

EXPENDITURES	2016-17	<u>2017-18</u>	2018-19	2019-20	<u>2020-21</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>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2016-17	<u>2017-18</u>	<u>2018-19</u>	2019-20	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>
Annual Total						

EXPENDITURE EXPLANATION

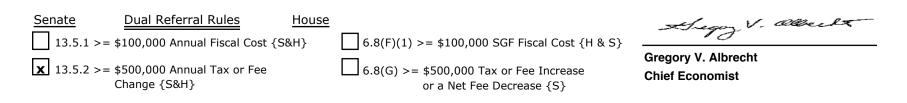
There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill provides exemptions from state sales tax, and to the extent that these transactions occur and are exempt from state sales tax on or after 7/1/16, state receipts will be less than they would otherwise be. Reporting associated with these exemptions is included in the aggregate "other" category on the state sales tax form which does not provide specific data reflecting these particular transactions. However, the cumulative effect of changes to taxes reported in the "other" category may be substantial depending upon the number and type of exemptions enacted this session. These provisions will have no impact in FY 19 and beyond as these transactions are already exempt at that time under current law.

Restricting the definition of isolated or occasional sales should work to increase sales tax collections by an unknown amount as certain items previously exempt as isolated or occasional sales appear to be taxable at the full state sales tax tax rate. Reporting associated with this exemption is included in the aggregate "other" category on the state sales tax form which does not provide specific data reflecting these particular transactions.

This bill contains provisions that would be expected to both increase and decrease revenue collections by unknown amounts. To the extent transactions affected by the bill are exempted from taxation or are subjected to taxation, revenue collections will vary from what they would otherwise be, even if specific foregone or gained revenue amounts are not known. The effect of bills such as this are incorporated by utilizing forecasts at the lower end or higher end of the range of possible forecasts, as appropriate to the bill. While this bill combines such effects, the actual collections history still becomes the basis for future revenue forecasts.



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missions to musica e at 1%)	l performances sponsored by n	onprofit organizations	47:305.7
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missions, parking f	ees, and sales of tangible perso	onal property at events sponsored by nonp	rofit organizations 47:305.14(A)(1)
man tissue transpl	ants		47:301(10)
e of materials used	directly in the collection of blo	od	47:301(16)(j)
e of apheresis kits	and Leuko reduction filters		47:301(16)
			rists or chiropractors 47:305(D)(1)(k) and (s)
e of ostomy, colost	tomy, and ileostomy devices an	d equipment	47:305(D)(1)(l)
e of adaptive drivir	ng equipment and motor vehicle	e modifications prescribed for personal use	47:305(D)(1)(u)
r rental of kidney d	lialysis machines, parts, materia	als, and supplies	47:305(G)
eals by educational	institutions, medical facilities,	mental institutions	47:305(D)(2)
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e m m e e e e e e r	at 1%) issions and parki at 1% but may b issions, parking f an tissue transpl of materials used of apheresis kits of orthotic device hearing aids, eye of ostomy, colost of adaptive drivin rental of kidney c	at 1%) issions and parking fees at fairs and festivals sp at 1% but may be eligible for 0% under Item Ite issions, parking fees, and sales of tangible person an tissue transplants of materials used directly in the collection of blo of apheresis kits and Leuko reduction filters of orthotic devices, prosthetic devices, and whee hearing aids, eyeglasses, contact lenses and par of ostomy, colostomy, and ileostomy devices an of adaptive driving equipment and motor vehicle rental of kidney dialysis machines, parts, materia ils by educational institutions, medical facilities, t	issions and parking fees at fairs and festivals sponsored by nonprofit organizations at 1% but may be eligible for 0% under Item Item 24) issions, parking fees, and sales of tangible personal property at events sponsored by nonp nan tissue transplants of materials used directly in the collection of blood

Senate Dual Referral Rules Hous	2	Hegy V. allecta
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	.0
X 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	$\square 6.8(G) >= $500,000 \text{ Tax or Fee Increase} \\ \text{or a Net Fee Decrease } \{S\}$	Gregory V. Albrecht Chief Economist