LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 15** SLS 162ES 61
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 24, 2016 10:29 AM
Author: MORRELL
Dept./Agy.: Revenue
Subject: Annual report for recipients of certain sales tax exemptions
Analyst: Deborah Vivien

TAX EXEMPTIONS EN SEE FISC NOTE GF RV See Note

Provides for an annual reporting requirement by certain nonprofit entities for certain sales tax exemptions. (gov sig) (Item Nos. 7, 8, 11, 12, 14, 15, 19-24, 32)

Current law provides state sales tax exclusions and exemptions for certain taxable sales (including bills in this session that are contemplating expansion of those exemptions). The current sales tax remittance form requires the reporting of gross sales with exemptions specifically listed.

Proposed law requires certain organizations receiving state sales tax exclusions or exemptions to electronically provide an annual report to the Department of Revenue containing annual gross sales not subject to state sales tax and any other information the Secretary requires to determine the revenue loss to the state to comply with Tax Exemption Budget reporting. The annual report required in the bill is due on September 30 of each year to report activity during the prior state fiscal year. The impacted exemptions are listed below in the Revenue Explanation. Nonprofit organizations with a federal 501 (c)(3) designation are not required to report. Effective July 1, 2016.

EXPENDITURES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**5 -YEAR TOTAL**
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	$0	$0	$0	$0	$0	**$0**
Annual Total						

REVENUES	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**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**

EXPENDITURE EXPLANATION

Acceptance and utilization of the data in the report will add to the calculations necessary to determine the cost to the state of certain exemptions and exclusions. Along with previous changes, the Department expects considerable time and effort involved with taxpayer inquiries, form development and implementation, and aid in compliance and enforcement. These administrative costs, while implicit in nature, result in the supplanting or delay in other activities/functions of the agency.

The gross sales data is required on the current sales tax form and can be calculated from specific exemption data, if a sales tax form is required. However, an annual report specific to each exemption may help with accuracy in reporting since the sales tax form emphasizes bottom line accuracy, and may provide information when a sales tax form is not required.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The bill does not alter taxation; it only requires an annual report to be filed.

Assuming that exemptions still subject to 1% of state sales tax will also require an annual report even though they are not fully exempt, any organization receiving the exclusions or exemptions listed on page 2 will fall under the reporting requirement in the bill.

This bill would include all elementary and secondary schools with admission sales to athletic or entertainment events or comply with Dodd Brumfield, all scout troops selling food products, all nonprofit or civic organizations with membership fees or dues, any non-profit or charitable organizations with entertainment admissions, and educational institutions, medical facilities and mental institutions selling meals, among others. However, if any organization has a 501(c)(3) designation, it is not required to report.

(Continued on Page 2)

Senate Dual Referral Rules House

- [ ] 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}
- [ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}
- [ ] 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}

Gregory V. Albrecht
Chief Economist

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CONTINUED EXPLANATION from page one:

Call Item	Call Language	R.S. Citation
7	Sales of admissions to athletic and entertainment events for elementary and secondary schools	47:301(14)(b)(i)
8	Sales of food products by a youth-serving organization chartered by the United States Congress	47:301(10)(h)
11	Sales of room rentals by a camp or retreat facility owned by a nonprofit organizations	47:301(6)(b)
12	Sales of room rentals by a homeless shelter	47:301(6)(c)
14	Sales by parochial and private elementary and secondary schools that comply with Dodd Brumfield	47:301(18)(e)
15	Sales by nonprofit entities that sell donated goods and spend revenue on training or employment of persons with disabilities	47:301(8)(f)
19	Sales of membership fees or dues of nonprofit, civic organizations	47:301(14)(b)(i)
20	Sales of admissions to entertainment events sponsored by domestic nonprofit charitable, religious or educational organizations *(still taxable at 1% but may be eligible for 0% under Item Item 24)*	47:305.13
21	Sales of admissions to entertainment events by Little Theater *(still taxable at 1%)*	47:305.6
22	Sales of admissions to musical performances sponsored by nonprofit organizations *(still taxable at 1%)*	47:305.7
23	Sales of admissions and parking fees at fairs and festivals sponsored by nonprofit organizations *(still taxable at 1% but may be eligible for 0% under Item Item 24)*	47:305.18
24	Sales of admissions, parking fees, and sales of tangible personal property at events sponsored by nonprofit organizations	47:305.14(A)(1)
32	Sales of meals by educational institutions, medical facilities, mental institutions	47:305(D)(2)

Senate Dual Referral Rules House

☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}

☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}

☐ 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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