

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 58** HLS 19RS 318
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 12, 2019 4:54 PM	Author: HORTON
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Sales Tax Holidays: Annual & 2nd Amendment Holidays	

TAX/SALES-USE-EXEMPT OR -\$4,800,000 GF RV See Note Page 1 of 1
 Provides for the effectiveness of certain sales and use tax holidays

Present law suspends certain sales and use tax exemptions, subjecting purchases during the Annual Louisiana Sales Tax Holiday (R.S. 47:305:54) and 2nd Amendment Sales Tax Holiday (R.S. 47:305.62) to the full 4.45% state-level rate through July 1, 2025, at which time these purchases will become fully exempt.

Proposed law provides that the exemptions under these sales tax holidays would be reinstated, and fully exempt from the total rate of 4.45% of state sales and use tax.

Effective July 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	(\$4,800,000)	(\$4,800,000)	(\$4,800,000)	(\$4,800,000)	(\$4,800,000)	(\$24,000,000)
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	(\$4,800,000)	(\$4,800,000)	(\$4,800,000)	(\$4,800,000)	(\$4,800,000)	(\$24,000,000)

EXPENDITURE EXPLANATION

LDR reports that the proposal will incur programming, testing, and system development costs to reprogram revenue accounting, amounting to approximately \$25,680 in staff-time IT costs.

REVENUE EXPLANATION

Proposed law provides that the suspended sales tax holidays in R.S. 47:305:54 and 47:305.62 would be reinstated, and that these purchases would be fully exempt from state sales and use tax. As sales tax data reported for these holidays has fluctuated significantly in recent years, the estimate of the impact of proposed law is based on a multi-year average of recent sales tax holiday data.

Estimated sales associated with these sales tax holidays totals approximately \$108.3 million per year, implying a state revenue loss of \$4.8 million per year at a 4.45% tax rate. Approximately \$4.2 million of this loss is associated with the Annual Holiday, and \$600,000 with the 2nd Amendment Holiday. This revenue loss is depicted as entirely state general fund in the table above, but small amounts of loss (roughly 1% of the total) will occur to the Tourism Promotion District allocation and economic development dedications, as well.

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}

Gregory V. Albrecht
 Chief Economist