



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 438** HLS 22RS 468
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 3, 2022	11:48 AM	Author: BACALA
Dept./Agy.: Revenue		Analyst: Emily DiPalma
Subject: State Sales and Use Tax		

TAX/SALES-USE, STATE EG -\$138,600,000 GF RV See Note Page 1 of 1
 Reduces the rate of the state sales and use tax

Current law provides that R.S. 47:321.1 levies a state sales tax of 0.45% through June 30, 2025, at which time the levy will expire. The avails of this levy accrue to the general fund.

Proposed law reduces the tax rate of R.S. 47:321.1 by 0.15% in two consecutive years beginning in FY24. The rate would decrease from 0.45% to 0.30% in FY24 and from 0.30% to 0.15% in FY25. The expiration date of June 30, 2025 remains the same. The avails of the levy accrue to the general fund and the Transportation Trust Fund - Construction Sub-fund (pursuant to R.S. 48:77).

Effective July 1, 2022.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	\$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
REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$138,600,000)	(\$269,600,000)	\$0	\$0	(\$408,200,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	(\$5,400,000)	(\$21,900,000)	\$0	\$0	(\$27,300,000)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	(\$144,000,000)	(\$291,500,000)	\$0	\$0	(\$435,500,000)

EXPENDITURE EXPLANATION

The Department of Revenue reports that the agency would incur operating expenses of \$77,040 in FY24 and FY25 associated with programming, testing and system development costs to revise the tax rate on the general sales tax return and hotel/motel return, along with changes to software and the web filing application. These costs are incurred each time the tax rate needs to be changed in the agency's system.

REVENUE EXPLANATION

By lowering the rate of the temporary sales tax by 0.15% in both FY24 and FY25, the proposed bill will reduce total revenue by \$144.0M in FY24 and \$291.5M in FY25, assuming the long range 1/11/22 REC forecast for general and vehicle sales tax materializes. Business utilities are not subject to the temporary sales tax and are removed from the base using the estimates in the Tax Exemption Budget growing by 2% in the outyears. Because vehicle sales tax is dedicated to the TTF-Construction Subfund beginning in FY 24 pursuant to R.S. 48:77, a portion of the funds deposited to the fund will be reduced by \$5.4M in FY24 and \$21.9M in FY25. The remaining impact is to the state general fund which will be lower by \$138.6M in FY24 and \$269.6M in FY 25. If the revenue forecast for sales tax changes materially, the impact from this bill will also change.

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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