



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 490** HLS 25RS 965

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 1, 2025	6:24 PM	<b>Author:</b> MCFARLAND
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> SALE/USE Exemption for Contractors of the State		<b>Analyst:</b> Mimi Blanchard

TAX/SALES & USE

OR DECREASE GF RV See Note

Page 1 of 1

Provides for the sales and use tax exemption for certain public entities

Current law exempts the state, parishes, municipalities, political subdivisions, and their agencies, boards, commissions and instrumentalities from state and local sales and use taxes imposed by any taxing authority. The Department of Revenue (LDR) is required to issue an exemption identification number upon request by any political subdivision.

Proposed law retains the existing exemption but extends it to include purchases made by general contractors or their subcontractors related to construction contracts for public projects conducted on behalf of state and local governments or their agencies, boards, commissions, or instrumentalities. The bill apparently applies to all new contracts and those in effect as of August 1, 2025, though this provision is not explicit.

Effective August 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Annual Total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	<b>SEE BELOW</b>	
Annual Total						

EXPENDITURE EXPLANATION

LFO believes the Louisiana Department of Revenue (LDR) and local taxing authorities may incur minor costs associated with processing additional exemptions, however, these costs are expected to be absorbed within their existing budgets.

REVENUE EXPLANATION

Proposed law could result in an indeterminable decrease in state and local sales tax revenues. While current law allows public entities to exempt contractor purchases through agency agreements, not all public construction projects utilize this mechanism. By mandating an extension of the government exemption to all contractors and subcontractors on qualifying public projects, the proposed law will reduce tax collections in cases where taxes would have otherwise been paid. The fiscal impact is indeterminable because it is unclear how many new or existing contracts would have been exempt under current law or what the value of taxable purchases would be across all state and local taxing jurisdictions.

Senate

Dual Referral Rules

House

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

☐ 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

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

☐ 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Deborah Vivien  
Chief Economist