



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 282** HLS 11RS 447

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 8, 2011	10:11 AM	Author: ELLINGTON
Dept./Agy.: Revenue		
Subject: Alternative substance sales tax exclusion extension		Analyst: Deborah Vivien

TAX/SALES & USE

EG1 SEE FISC NOTE GF RV

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Extends termination of the state sales and use tax exclusion for certain alternative substances used as fuel by manufacturers

Current law excludes from state sales and use tax the sale of any alternative substance if the substance is used as fuel by a manufacturer with a NAICS codes in Sector 11 (agricultural, forestry, fishing and hunting) or the manufacturing sectors 31 -33 as defined in 2002. Alternative substances are defined as any substance other than oil, natural gas, any product of oil or natural gas, coal, lignite, refinery gas, nuclear fuel or electricity, but shall include petroleum coke, landfill gas, reclaimed or waste oil, unblended biodiesel or tire-derived fuel. The exclusion expires on June 30, 2012.

Proposed law retains current law and extends the expiration of the exclusion by three years to June 30, 2015. The exclusion shall only be effective if a certification of revenue neutrality from the Division of Administration and the Legislative Fiscal Office is received by the secretary of the Department of Revenue before September 1, 2011.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	\$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

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

REVENUE EXPLANATION

The Department of Revenue indicates that there will be no anticipated fiscal impact due to the proposed legislation as these fuels are subject to other exclusions in current law. This bill extends the state sales tax exclusion related to alternative substances used as fuel by a manufacturer by three years to June 20, 2015. However, according to LDR, alternative fuels exempted under this legislation are also excluded through other provisions in the sales tax statutes. For instance, these fuels are also subject to the exclusion for the consumption of tangible personal property created or derived as a residue or byproduct (R.S. 47:301(10)(1)(h)) or the exclusion for the sale or purchase of fuel (R.S. 47:301(10(x)(1))).

The bill directs the Division of Administration and the Legislative Fiscal Office to analyze the exclusion and present a certification of revenue neutrality to the secretary of the Department of Revenue before September 1, 2011. Presumably, if the exclusion is determined to result in a net cost to the state, the exclusion will not be extended beyond its current law expiration date of June 30, 2012. In that case, general fund revenue to the state would increase beginning in FY 12/13. Data for these specific types of fuel is indistinguishable from all fuel exclusions so the magnitude of any increase is unknown.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	 Gregory V. Albrecht Chief Economist
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	