



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **SB 21** SLS 11RS 144  
Bill Text Version: **REENGROSSED**  
Opp. Chamb. Action:  
Proposed Amd.: **w/ PROP HSE COMM AMD**  
Sub. Bill For.:

<b>Date:</b> June 10, 2011	9:36 AM	<b>Author:</b> RISER
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> State and local sales tax exemption for bottled water		<b>Analyst:</b> Deborah Vivien

TAX/SALES RE -\$7,800,000 GF RV See Note Page 1 of 1  
Provides an exemption from state and local sales and use taxes for certain water in containers. (7/1/2011)

Current law provides a state and local sales tax exemption for purchases of water in bulk in R.S. 47:305(D)(1)(c), which is water as a utility. This exemption does not include mineral or carbonated water or water in bottles, jugs or containers. In addition, the Constitution and R.S. 47:305(D)(1)(n) -(r) provide a state sales tax exemption for food purchased for home consumption. This exemption includes soft drinks and flavored water but not unflavored bottled water.

Proposed law expands the state sales tax exemption for food purchased for home consumption to purchases of water sold in bottles, jugs and containers, excluding mineral water and carbonated water.

Effective October 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.	(\$7,800,000)	(\$10,400,000)	(\$10,400,000)	(\$10,400,000)	(\$10,400,000)	(\$49,400,000)
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	(\$7,800,000)	(\$10,400,000)	(\$10,400,000)	(\$10,400,000)	(\$10,400,000)	(\$49,400,000)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Revenue will absorb the cost of notifying taxpayers of the exemption within its current operating budget.

REVENUE EXPLANATION

According to the Department of Revenue, soft drinks and flavored water sold for home consumption are already exempt from state sales tax under the constitutional exemption for food for home consumption. This bill adds water for home consumption to the exemption, but only includes pure water in the exemption. Mineral water and carbonated water are specifically excluded from the description of water being exempted by this bill.

According to the International Bottled Water Association, wholesale purchases of pure bottled water in Louisiana totaled 222.7 million gallons in 2009 (the last year that complete data is available) with an average wholesale price of \$1.17 per gallon. At the wholesale level, these figures imply sales values of \$260.5 million (222.7 gallons \* \$1.17 per gallon). Assuming no markup from wholesale to retail, remittances related to bottled water are estimated to be a minimum of \$10.4 million (\$260.5 million \* 4% state sales tax rate) with 3/4 of the year considered in the first year as a reflection of the October 1 effective date. The estimate is based on wholesale value, not retail value supporting the likelihood of this being a minimum revenue loss estimate.

There would be no impact to local funds as a result of this bill.

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}	<div></div> <b>Gregory V. Albrecht</b> Chief Economist