



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 112** SLS 11RS 339
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: June 14, 2011 8:45 AM	Author: ADLEY
Dept./Agy.: Elderly Affairs	
Subject: Sale Tax Exemption - Parish Councils on Aging	Analyst: Travis McIlwain

TAX/SALES

EN -\$23,000 GF RV See Note

Page 1 of 1

Exempts parish councils on aging from paying state sales and use tax. (7/1/11)

Proposed legislation exempts, from state sales tax, parish councils on aging, which are defined as the 64 nonprofit domestic corporations domiciled in each parish and delivering state-approved services directly to senior citizens.

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.	(\$23,333)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$163,333)
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	(\$23,333)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$163,333)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Any additional expenditure increase as result of this sales tax exemption will be absorbed by the Department of Revenue’s existing resources.

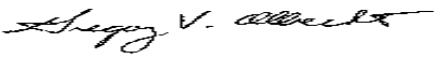
REVENUE EXPLANATION

According to a recent survey conducted by the Governor’s Office of Elderly Affairs (GOEA), there are only 3 councils on aging organizations actually paying state sales tax. To date, these organizations report having paid approximately \$30,000 of state sales tax in FY 11, so far. The organizations actually paying sales tax are: Red River Councils on Aging, Lincoln Council on Aging, Calcasieu Council on Aging.

Correspondence sent by the Department of Revenue to the Governor’s Office of Elderly Affairs, dated December 8, 1988, indicated that purchases by Area Councils on Aging are eligible for state tax exemption. More recently, the GOEA sent a letter dated April 12, 2010 requesting the Department of Revenue to reaffirm the 1988 correspondence. In response to the letter from GOEA, the Department of Revenue concluded that descriptive language on the GOEA’s website suggests that Councils on Aging are not governmental entities. Thus, these organizations should be subject to state sales tax.

Based on the 3 organizations currently paying state sales tax, the current state revenue loss resulting from this bill is likely in the \$30,000 to \$40,000 per year range. Were other councils to begin paying, the revenue loss from this bill would be greater.

Due to the bill’s effective date of October 1, 2011, the potential sales tax revenue loss in FY 12 (from October 2011 - June 2011, 8 months) would be approximately \$23,333.

Senate	Dual Referral Rules	House	
☐ 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		☐ 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	 Gregory V. Albrecht Chief Economist
		☐ 6.8(F)2 >= \$100,000 Annual SGF 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}	