



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 21** SLS 11RS 144
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.:

Date: June 20, 2011	10:51 AM	Author: RISER
Dept./Agy.: Revenue		
Subject: State and local sales tax exemption for bottled water		Analyst: Deborah Vivien

TAX/SALES EN -\$8,300,000 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 R.S. 47:305(D)(1)(c). 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 but not bottled water.

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

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.	(\$8,300,000)	(\$11,100,000)	(\$11,100,000)	(\$11,100,000)	(\$11,100,000)	(\$52,700,000)
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	(\$8,300,000)	(\$11,100,000)	(\$11,100,000)	(\$11,100,000)	(\$11,100,000)	(\$52,700,000)

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

Flavored water is already exempt as a soft drink. According to the International Bottled Water Association, wholesale purchases of bottled water in Louisiana totaled 234.4 million gallons in 2009 (the last year that complete data is available) with an average price of \$1.19 per gallon. At the wholesale level, these figures imply sales values of \$278.6 million (234.4 gallons * \$1.19 per gallon). Assuming no markup from wholesale to retail, remittances related to bottled water are estimated to be a minimum of \$11.1 million (\$278.6 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	
☐ 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}	