



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 282** HLS 11RS 447  
Bill Text Version: **ENROLLED**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> June 21, 2011	10:52 AM	<b>Author:</b> ELLINGTON
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> Alternative substance sales tax exclusion extension		<b>Analyst:</b> Deborah Vivien

TAX/SALES & USE EN -\$40,000 GF RV See Note Page 1 of 1  
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. Proposed law provides an exemption from state and local sales and use tax on the purchase, use or rental of materials, services, property and supplies by the For!Kids Foundation, whose primary purpose is to fund children’s service organizations from monies raised from golfing events.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
Annual Total	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	<b>(\$200,000)</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	<u>(\$45,000)</u>	<u>(\$45,000)</u>	<u>(\$45,000)</u>	<u>(\$45,000)</u>	<u>(\$45,000)</u>	<b><u>(\$225,000)</u></b>
Annual Total	<b>(\$85,000)</b>	<b>(\$85,000)</b>	<b>(\$85,000)</b>	<b>(\$85,000)</b>	<b>(\$85,000)</b>	<b>(\$425,000)</b>

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 related fuels 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 Fore!Kids Foundation hosts the Zurich Classic of New Orleans PGA Tournament, the Golf Ball Gala black tie event, a kids’ summer junior golf tour and several charitable golf tournaments. Proceeds from the events help fund children’s service organizations. As reported by the Fore!Kids Foundation and verified by the Department of Revenue, total taxable spending by the Fore!Kids Foundation is estimated at \$2.5 million per year, which would generate \$100,000 in state sales tax (4%) and about \$118,750 in local sales tax (assuming a 4.75% rate). However, only about \$1 million of annual spending takes place in Louisiana due to the specialized nature of the products purchased, such as golf equipment from certain manufacturers and custom-made tents. While there may be a use tax liability based on actual remittances, the annual impact to the state of the proposed legislation is the reduction of \$40,000 in general fund revenue and about \$47,500 in local funds.

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