

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 1120** HLS 12RS 2210

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 20, 2012	4:36 PM	Author: LAMBERT
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Local sales tax exemption for resale of services		

TAX/SALES & USE

OR DECREASE LF RV See Note

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Exempts resale of services from local sales tax

Current law provides for a local sales taxation of certain services. However, if those services are contracted to a third party, the transaction is typically only taxed on the final sale.

Proposed law provides an exemption from local sales tax for services for resale. It further limits the exemption eligibility measures from "strict" compliance with rules and regulations to "substantial" compliance to rules and regulations. The local authority is to accept a resale certificate from the Department of Revenue exempting the service for resale from local sales taxation.

EXPENDITURES	2012-13	2013-14	2014-15	2015-16	2016-17	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	2012-13	2013-14	2014-15	2015-16	2016-17	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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Revenue will be required to add the local taxation information onto the resale certificate. However, the cost of this change is expected to be minimal and absorbed in the departmental budget.

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

REVENUE EXPLANATION

It is not clear how many parishes charge sales tax for repair services. The Louisiana Association of Tax Administrators indicates that most parishes do not currently collect taxes on repair services. However, the presence of the bill itself suggests that some collections are currently occurring. To the extent that services for resale or repair services are currently taxed by local authorities and remittances made, local sales tax revenue will decline due to this bill. The magnitude of any such revenue decline is speculative. Changing the eligibility requirement for receiving the exemption from "strict" compliance with rules and regulations to "substantial" compliance appears to work only to make receipt of the exemption easier to achieve, and consequently add to any revenue loss that might occur.

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

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}

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}

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