LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 1120** HLS 12RS 2210
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 23, 2012 3:01 PM
Author: LAMBERT
Dept./Agy.: Revenue
Subject: Local sales tax exemption for resale of services
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TAX/SALES & USE EN DECREASE LF RV See Note
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. The local authority is to accept a resale certificate from the Department of Revenue exempting the service for resale from local sales taxation. However, in the case of an intra-parish transaction from dealer to dealer, the local collector may the local exemption certificate be used in lieu of the state certificate.

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 services for resale. However, the presence of the bill itself suggests that some collections may be currently occurring. To the extent that services for resale 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, and may be relatively minor.

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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