

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 476** HLS 13RS 947
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 16, 2013 4:47 PM	Author: BROSSETT
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Reimpose State Auto Rental Excise Tax	

TAX/STATE OR +\$6,000,000 SD RV See Note Page 1 of 1
 Levies a state tax on automobile rental contracts and dedicates the revenues

Current law no longer imposes a state-level 3% excise tax on short-term auto rentals, as of FY13. A state-level tax was in affect for 22 year from FY91 through FY12. The state portion of that tax was a 2.5% levy and the local portion was 0.5%. The Department of Revenue collected the entire 3% levy and distributed the local portion back to the parish of rental.

Proposed law re-imposes the 3% levy, and dedicates the proceeds to the Airport Construction and Development Priority Program.

Effective July 1, 2013.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$4,500,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$28,500,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$4,500,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$28,500,000

EXPENDITURE EXPLANATION

Collection processes had been in place for some 22 years, before the tax was allowed to expire in FY13. The Department of Revenue should be able to re-institute those processes with little additional cost.

REVENUE EXPLANATION

The bill re-imposes the total 3% levy as a state tax. This tax was in place for some 22 years (FY91 - FY12), and in the past few years was generating approximately \$6 million to \$7 million per year in total, before its expiration in FY13. that level of collections would be expected again upon it's re-imposition. In FY14 something less than those collections would likely be expected since it would take some time to ramp up the collections process and taxpayer knowledge and remittances. An assumption of 75% the full annual amount is applied for the FY14 expected collections.

The bill fully dedicates the proceeds of the tax to the Airport Construction and Development Priority Program, in the Department of Transportation and Development.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} |
| <input checked="" 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} |

John D. Carpenter

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Legislative Fiscal Officer