

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 207** HLS 15RS 6
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 19, 2015 5:36 PM	Author: HARRIS
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Exempts all bakery products from state sales tax	

TAX/SALES-USE, STATE EG SEE FISC NOTE GF RV See Note Page 1 of 1
 Specifies the types of bakery products exempt from state sales and use tax

Current law imposes a state sales tax on food sales by restaurants, drive-ins, snack bars, candy and nut counters, private clubs and sales made by an establishment not specifically exempted elsewhere who furnish facilities for the consumption of the food on the premises.

Proposed law exempts from state sales tax bakery products sold at grocery stores, bakeries, and donut shops which furnish facilities for the consumption of food on the premises. Effective on 7/1/15.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

This bill allows bakery products to have the same state sales tax exemption, regardless of where the purchase is made. For instance, if a vendor offers bakery products to consume in the store and over the counter, the same taxation would apply to all bakery sales in that establishment. The bill will decrease SGF revenue to the extent that bakery products previously taxed as food for consumption on premises are now exempt as food for home consumption.

The Census Bureau within the Department of Commerce estimated in the Annual Survey of Manufactures that 2013 value-added bakery shipments (NAICS code 3118) in LA were \$211M. If all shipments were subject to state sales tax and are now exempt, the SGF would decrease by \$8.4M annually. Without a specific source estimating bakery items purchased for consumption on premises, a magnitude cannot be determined with certainty. However, assuming the bakery value-added estimate is representative of the state's bakery market, if 75% of LA bakery purchases are for on-site consumption and now exempt, the SGF would decrease by \$6.3M. If half of purchases are now taxable, the SGF would decrease by \$4.2M. Finally, if 25% of purchases are now exempt, the SGF would decrease by \$2.1M.

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|---|----------------------------|--|---|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} | |

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