

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 4** HLS 183ES 26
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 20, 2018 6:23 PM	Author: BISHOP, S.
Dept./Agy.: Revenue	Analyst: Benjamin Vincent
Subject: Sales Tax: Gradual Phase Out of 321.1 Levy	

TAX/SALES-USE, STATE EG +\$453,000,000 GF RV See Note Page 1 of 1
 Provides for the rate of the state sales and use tax.

Current law subjects certain transactions to a levy of 1% via R.S. 47:321.1. This levy is scheduled to expire on June 30, 2018.

Proposed law provides that the temporary levy in R.S. 47:321.1 would be retained at a rate of 0.5% for FY19 through FY21, a rate of 0.4% for FY22 and FY23, and a rate of 0.25% for FY24 and FY25. These rates will apply to the same base of transactions that this levy applied to in FY17 and FY18. Proposed law provides that the temporary levy would expire on June 30, 2025.

Effective July 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$453,000,000	\$453,000,000	\$453,000,000	\$363,000,000	\$363,000,000	\$2,085,000,000
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	\$453,000,000	\$453,000,000	\$453,000,000	\$363,000,000	\$363,000,000	\$2,085,000,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law extends the temporary levy in R.S. 47:321.1 and reduces the rate to 0.5% for FY19-FY21. In general, the total tax rate that transactions would be subject to in those years would be 4.5%.

For FY22 and FY23, the levy would be applied at a rate of 0.4%. For FY24 and FY25, the levy applied would be 0.25%.

Based on sales tax collections reported by levy in FY17 by LA Dept. of Revenue (LDR), proposed law will generate an estimated \$404 million in sales & use tax revenue from general sales in FY19. An additional \$49 million is anticipated from motor vehicle sales for that year, resulting in a total estimated general fund revenue impact of \$453 million.

For FY22 and FY23, approximately \$323 million from general sales and \$40 million from motor vehicle sales is anticipated, resulting in a total impact of \$363 million.

For FY24 and FY25 (not included in the table above), approximately \$202 million from general sales and \$25 million from motor vehicle sales is anticipated, resulting in a total impact of \$227 million.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist