

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **HB 599** HLS 19RS 1034  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 14, 2019 3:28 PM	<b>Author:</b> HARRIS, L.
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Sales Tax: Gradual Repeal of 0.45% Levy	

TAX/SALES & USE EG -\$392,000,000 GF RV See Note Page 1 of 1  
 Reduces the rate of the .45% state sales and use tax levy over a certain period of time

Present law applies a temporary state sales and use tax levy of 0.45% via R.S. 47:321.1, which contributes to a combined state sales and use tax rate of 4.45%. The levy is effective through June 30, 2025, at which time the state rate will be 4.0%.

Proposed law reduces the 0.45% state sales and use tax levy in R.S. 47:321.1 to 0.35%, effective July 1, 2020.

Proposed law reduces the 0.45% state sales and use tax levy in R.S. 47:321.1 to 0.25%, effective July 1, 2021.

Proposed law reduces the 0.45% state sales and use tax levy in R.S. 47:321.1 to 0.15%, effective July 1, 2022.

Proposed law repeals the entire levy in R.S. 47:321.1, effective July 1, 2023.

EXPENDITURES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>					<b>\$0</b>	<b>\$0</b>
REVENUES	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	(\$87,000,000)	(\$174,000,000)	(\$261,000,000)	(\$392,000,000)	<b>(\$914,000,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>(\$87,000,000)</b>	<b>(\$174,000,000)</b>	<b>(\$261,000,000)</b>	<b>(\$392,000,000)</b>	<b>(\$914,000,000)</b>

**EXPENDITURE EXPLANATION**

LDR anticipates expenditures for systems costs and tax form redesign to be incurred for each of the four changes to the tax rate directed by proposed law. This is reflected in the table above as four one-time costs of approximately \$231,000.

**REVENUE EXPLANATION**

Proposed law reduces the 0.45% levy by 0.10% for FY21, reduces it by an additional 0.10% for FY22, reduces it by an additional 0.10% for FY23, and fully repeals it for FY24.

Based on the fiscal note for HB10 of the Third Extraordinary Session of 2018, which implemented the 0.45% levy, the anticipated impact of the FY21 reduction to 0.35% is a loss of \$87 mil. The impact of the reduction to 0.25% on FY22 is a loss of \$174 mil, and the impact of the reduction to 0.15% in FY23 is a loss of \$261 mil.

The anticipated revenue impact of full repeal in FY24 is a general fund loss of \$392 mil.

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}

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