

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 665** HLS 15RS 519

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 21, 2015	9:00 AM	Author: KLECKLEY
Dept./Agy.: Local Sales Tax		Analyst: Deborah Vivien
Subject: Excludes airplane repair at certain airports in Calcasieu Par		

TAX/SALES-USE, LOCAL

OR -\$80,000 LF RV See Note

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Excludes certain repairs on tangible personal property from local sales and use tax by certain taxing authorities in Calcasieu Parish

Proposed law provides a local sales tax exclusion from sales of services authorized by taxing authorities in Calcasieu Parish. The exclusion is for expenses related to aircraft repairs provided they are performed at an airport with a runway that is at least 10,000 feet long, 160 feet wide and 14 inches thick.

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.	\$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>(\$80,000)</u>	<u>(\$80,000)</u>	<u>(\$80,000)</u>	<u>(\$80,000)</u>	<u>(\$80,000)</u>	(\$400,000)
Annual Total	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$400,000)

EXPENDITURE EXPLANATION

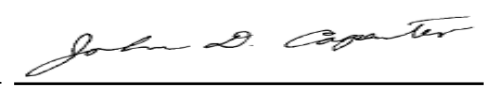
There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The bill will decrease local revenue to the extent that airplane repairs are undertaken presumably at Chennault International Airport in Calcasieu Parish, the only airport with current runway specifications within the parameters of the bill. The bill excludes from local sales tax any expenses for airplane repairs that take place at any airport in Calcasieu Parish with a runway of 10,000 feet, 160 width and 14 inch depth, which would include other airports should they construct such a runway in the future.

According to the Chennault website, "the airport has a 25-year-plus record as a hub for aviation maintenance." Additionally, AAR Corp. established a Maintenance, Repair and Overhaul facility in 2013-14 at Chennault with state economic development incentives, which is now remitting sales tax, according to the Calcasieu Parish Sales Tax Collection Division. Monthly remittances from airplane repair at Chennault averaged about \$6,500 per month over the last 15 months, which is about \$80,000 annually. Should eligible airplane repair activity increase or decrease in the future, the impact of this exclusion would adjust accordingly.

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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} |


John D. Carpenter
Legislative Fiscal Officer