

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 227** SLS 23RS 481

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 6, 2023	8:51 AM	Author: DUPLESSIS
Dept./Agy.: Revenue/CRT		Analyst: Deborah Vivien
Subject: Sales tax exemption for certain digital art		

TAX EXEMPTIONS

EN DECREASE GF RV See Note

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Provides for state and local sales and use taxes on digital art sold in a cultural product district. (gov sig)

Current law provides a state and local sales tax exemption (currently suspended) for unique works of art sold in cultural districts, as determined by the Department of Culture, Recreation and Tourism (CRT). Works of art are defined in law as visual arts and crafts such as paintings, photographs, sculpture, pottery and traditional or fine crafts. This exemption is currently suspended until June 30, 2025, making these items taxable until then. On July 1, 2025, and thereafter, these "works of art" will be exempt from state and local sales tax. Non-unique digital art is currently taxable.

Proposed law adds digital art to the unique works of art sold in cultural districts under the suspended exemption from state and local sales tax making the sales taxable upon determination by CRT. On July 1, 2025, unique digital art (along with all other "works of art" under current law) sold in cultural districts will be exempt from state and local sales tax. Effective July 1, 2023

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	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	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	DECREASE	DECREASE	DECREASE	\$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>	DECREASE	DECREASE	DECREASE	\$0
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. However, CRT is uncertain about practices in the digital art trade within cultural districts and is unable to accurately ascertain the parameters of potential responsibilities. Should trade in unique digital art require more strenuous vetting in a manner that unexpectedly deviates from current sales of unique works of art, additional resources may be required, though the magnitude cannot be determined.

REVENUE EXPLANATION

Digital art is currently taxable and will remain taxable under this bill. Any digital art deemed unique by the Department of Culture, Recreation and Tourism and sold within a cultural district will be exempt from state and local sales tax starting on July 1, 2025, at which time state and local revenue will decline. The amount of the revenue loss will depend on the scale and price of digital art that will be considered unique and sold within cultural districts in FY 26 and beyond.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

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Interim Legislative Fiscal Officer