

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 423** HLS 08RS 394
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 10, 2008 7:23 AM	Author: GREENE
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Extends the Louisiana Tax Free Shopping Program	

TAX/SALES & USE OR -\$872,000 GF RV See Note Page 1 of 1
 Changes the termination date of the La. Tax Free Shopping Program from 2009 to 2013

Present law provides that the Louisiana Tax Free Shopping Program, a sales tax refund program for foreign visitors to the state, is effective through July 1, 2009 (FY09).

Proposed law extends the termination date to July 1, 2013 (FY10 - FY13).

Effective upon governor's signature.

EXPENDITURES	2008-09	2009-10	2010-11	2011-12	2012-13	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	2008-09	2009-10	2010-11	2011-12	2012-13	5 -YEAR TOTAL
State Gen. Fd.	\$0	(\$872,000)	(\$872,000)	(\$872,000)	(\$872,000)	(\$3,488,000)
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>(\$1,038,000)</u>	<u>(\$1,038,000)</u>	<u>(\$1,038,000)</u>	<u>(\$1,038,000)</u>	(\$4,152,000)
Annual Total	\$0	(\$1,910,000)	(\$1,910,000)	(\$1,910,000)	(\$1,910,000)	(\$7,640,000)

EXPENDITURE EXPLANATION

The program's administrative expenditures are funded entirely by fees collected from foreign visitors applying for sales tax refunds, and are not appropriated by the legislature.

REVENUE EXPLANATION

State general fund revenues and local revenues will decrease by an estimated \$872,000 per year and \$1.038 million per year, respectively, in FY10 - FY13 due to the proposed legislation. Under current law, the program continues through FY09 before the this bill is effective.

Prior to hurricanes Katrina and Rita, in calendar years 2003 and 2004, the program was recovering from the effects of the 2000-2001 U.S. recession. Total state & local tax reimbursements were \$1.7 million and \$2.1 million, respectively. In calendar years 2005 and 2006, the program suffered from the effects of the hurricanes, reimbursing \$1.5 million in 2005 and only \$669,000 in 2006. Recovery from the storms began in 2007 with \$1.3 million of reimbursements. Recovery is likely to continue in subsequent years, even though the U.S. economy is currently weakening, because the international value of the U.S. dollar is quite weak and the program targets foreign visitors. A return to at least immediate pre-storm levels of 2004 and 2005 is likely, with even greater reimbursements than that possible. The average level of reimbursements in that period was \$1.910 million per year, with the state portion being \$872,000 (46%) and the local portion being \$1.038 million (54%).

Senate

Dual Referral Rules

House

- 13.5.1 >= \$500,000 Annual Fiscal Cost
- 13.5.2 >= \$500,000 Annual Tax or Fee Change

- 6.8(F) >= \$500,000 Annual Fiscal Cost
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

H. Gordon Monk
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Legislative Fiscal Officer