

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 720** SLS 08RS 1618

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 27, 2008	4:00 PM	Author: DONAHUE
Dept./Agy.: Revenue		Analyst: Greg Albrecht
Subject: Eliminate 1% of State Sales Tax		

TAX/SALES OR -\$773,500,000 GF RV See Note Page 1 of 1

Repeals the state sales tax levied at the rate of ninety-seven one hundredths of one percent except for the tax levied on hotel and motel rooms which is dedicated to the parishes. (7/1/08)

Proposed law eliminates the state's 0.97% sales tax levy, but retains that levy on hotel/motel room rentals, virtually all of which are dedicated back to local governments.

Effective July 1, 2008.

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>	<u>\$0</u>
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.	(\$773,500,000)	(\$752,600,000)	(\$776,500,000)	(\$800,400,000)	(\$825,300,000)	(\$3,928,300,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$3,500,000)	(\$3,400,000)	(\$3,500,000)	(\$3,600,000)	(\$3,700,000)	(\$17,700,000)
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>	<u>\$0</u>
Annual Total	(\$777,000,000)	(\$756,000,000)	(\$780,000,000)	(\$804,000,000)	(\$829,000,000)	(\$3,946,000,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

To arrive at the estimated revenue losses above, the current official revenue forecast baseline for the general and motor vehicle sales taxes were adjusted downward for the tax reduction granted business utilities and machinery & equipment in the recent 2008 second extraordinary session. That adjusted baseline represents the state tax collections generated from the current 4% general sales tax rate (minor tax bases taxed at different rates are ignored and major tax changes are already incorporated). The revenue losses depicted in the table above are the approximate state general fund and economic development (vendor compensation) dedication revenue that will be lost as a result of the elimination of the 0.97% state tax levy (slightly less than one-quarter of the adjusted baseline collections).

State sales tax collections on hotel/motel room rentals were approximately \$38 million in FY07, virtually of which was dedicated back to local entities. These dollars are segregated in the state tax collections data and are not included in the baseline figures utilized to make the estimates above. These collections would continue to be made by the Department of Revenue and be dedicated back to local entities.

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