LEGISLATIVE FISCAL OFFICE
Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB** **346** HLS 25RS 928
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 20, 2025 5:31 PM
Author: DESHOTEL
Dept./Agy.: Revenue
Subject: Dedicates 5% telecommunications tax
Analyst: Deborah Vivien

FUNDS/FUNDING OR -$37,000,000 GF RV See Note
To establish the Local Infrastructure Fund

Current law levies a 5% state sales tax on certain telecommunication services in addition to the current 5% state sales tax. The additional 5% sales tax became effective January 1, 2025, and is levied in lieu of local sales tax. Taxable services include all telecommunications services, cable television services, direct-to-home satellite services, video programming services and satellite digital audio radio services. Though current law directs the proceeds to a Local Revenue Fund, that fund is not created in law which leaves proceeds in the SGF.

Proposed law retains current law and dedicates the proceeds of the 5% telecommunications sales tax for local water and sewer systems without Water Sector Program grants and other infrastructure projects generalized in the bill that are under the jurisdiction of a parish or local governing authority. Proposed law creates the Local Infrastructure Fund for such purposes.

EXPENDITURES	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	**SEE BELOW**	$0	$0	$0	$0	**$0**
Ded./Other	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	**SEE BELOW**	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

REVENUES	**2025-26**	**2026-27**	**2027-28**	**2028-29**	**2029-30**	**5 -YEAR TOTAL**
State Gen. Fd.	**($37,000,000)**	**($34,000,000)**	**($31,000,000)**	**($28,000,000)**	**($26,000,000)**	**($156,000,000)**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	**$37,000,000**	**$34,000,000**	**$31,000,000**	**$28,000,000**	**$26,000,000**	**$156,000,000**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

Treasury requires certain resources to create and administer a statutory dedication, as in this bill. Should aggregate session action result in the creation of funds beyond that which can be absorbed within existing resources, additional funding may be required.

The bill creates the Local Infastructure Fund and provides that monies deposited into the fund shall be used for any of the following purposes: repair, improvement, and consolidation of community water and sewer systems that have not received a grant from the Water Sector Program; or repair and construction of roads, streets, and other infrastructure under the jurisdiction of local governmental units. House and Senate rules indicate that a dedication of $100,000 or more in SGF is treated as a fiscal cost, which forms the basis for dual referral.

REVENUE EXPLANATION

The bill does not impact state revenue in the aggregate but does dedicate funds that are currently deposited to the state general fund. In total, the bill is estimated to reduce SGF revenue and increase deposits into the Local Infrastructure Fund by about $37 M in FY 26, declining to $26 M in FY 30 following the declining trend of telecommunications tax collections.

The additional 5% telecommunications services state sales tax became effective 1/1/25 and applies to a tax bases that are historically both taxed (interstate and intrastate telecommunications) and not taxed (cable television services, certain satellite services and video programming). Historical collections of telecommunications sales tax have been declining by an average of about 10% annually over the last 5 years to about $737 M in FY 24. Applying a 5% rate to the same taxable sales base would result in estimated tax collections of about $33 M. Outyear estimates reflect the declining collections trend.

For the newly taxable services, the state has received a little over two months of observable remittances (sales tax is due by the 20th day of the following month). The data is highly variable and uncertain with respect to full coverage of all affected dealers as they adjust to previously untaxed transactions. Current collections of newly taxable services implies taxable sales of about $6.5 M per month, though the pattern of monthly collections indicates some adjustments may occur in the future as the taxation of these transactions becomes more routine. At $6.5 M per month, a 5% sales tax would generate about $4 M per year. Annual growth is speculative and not included in this estimate.

Senate — Dual Referral Rules

- [x] 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- [ ] 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

- [x] 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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