

HOUSE BILL 21

Introduced by Moore, et al.

6/19	Introduced
6/19	Fiscal Note Requested
6/20	Referred to Taxation
6/22	Fiscal Note Received
6/26	Fiscal Note Printed
6/28	Hearing
	Died in Committee

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*House* BILL NO. *21*

INTRODUCED BY *JOHN MARR*

A BILL FOR AN ACT ENTITLED: "AN ACT IMPOSING A RETAIL LUXURY SURCHARGE AND USE TAX ON CERTAIN LUXURY GOODS AND SERVICES; ALLOCATING THE PROCEEDS FROM THE RETAIL LUXURY SURCHARGE AND USE TAX TO STATE EQUALIZATION OF THE FOUNDATION PROGRAM; AMENDING SECTION 20-9-343, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AN APPLICABILITY DATE, AND A CONTINGENT TERMINATION DATE."

STATEMENT OF INTENT

A statement of intent is required for [this act] because the department of revenue is granted authority to adopt rules for the administration and enforcement of the retail luxury surcharge and use tax. The rules are intended to provide for an efficient process for the collection of the taxes, with minimum expense to both the taxpayer and the state.

The legislature intends that rules adopted by the department should, at a minimum, address the following:

(1) the development of a comprehensive list of luxury goods and services taxable under [this act];

(2) the registration and issuance of a registration number to persons engaging in the sale of retail luxury

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goods and services;

(3) the reporting form for the payment of the taxes, along with the requirements for the retention by the taxpayers of the necessary records;

(4) the required procedures for the payment of taxes;

(5) the use of the nontaxable transaction certificates and clarification of any exemption from or deduction of the taxes; and

(6) the definition of terms and establishment of procedures as appropriate for efficient administration of the retail luxury surcharge and use tax.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1.** Definitions. As used in [sections 1 through 23], the following definitions apply:

(1) "Department" means the department of revenue provided for in 2-15-1301.

(2) (a) "Entertainment performance" means a motion picture, stage production, music or vocal concert, lecture, dance presentation, or other demonstration of the performing arts.

(b) The term does not include scholastic or collegiate activities that are conducted by accredited educational institutions or by associations of those institutions under their music or performing arts curricula and that are not



1 intended for private profit.

2 (3) "Gross receipts" means the total sale price  
3 received by sellers as consideration for sales of luxury  
4 goods or services.

5 (4) "Lease" or "leasing" means an arrangement in  
6 which, for consideration, a luxury good is used for or by a  
7 person other than the owner of the luxury good.

8 (5) "Luxury good" includes and for the purposes of  
9 [sections 1 through 23] is limited to:

10 (a) alcoholic beverages consumed on the premises of  
11 the retailer;

12 (b) camping equipment;

13 (c) electronic games used in conjunction with a  
14 computer or television set;

15 (d) jewelry;

16 (e) watches with a list price of \$200 or more;

17 (f) new and used motor vehicles, including passenger  
18 cars, trucks, and vans with a rated capacity of 1 ton or  
19 less and with a list price of \$15,000 or more;

20 (g) recreational vehicles and boats, including:

21 (i) campers as defined in 61-1-129;

22 (ii) canoes and rubber rafts;

23 (iii) motorboats as defined in 23-2-502;

24 (iv) motor homes as defined in 61-1-130;

25 (v) off-highway vehicles as defined in 23-2-801;

1 (vi) snowmobiles as defined in 23-2-601; and

2 (vii) travel trailers as defined in 61-1-131;

3 (h) sporting goods. Sporting goods do not include  
4 firearms, ammunition, gunpowder, shell casings, primers,  
5 wadding or any other item used to make ammunition, or  
6 cleaning solvents specifically designed for firearms.

7 (i) souvenirs and novelty items.

8 (6) "Luxury service" means and for the purposes of  
9 [sections 1 through 23] is limited to:

10 (a) admission to:

11 (i) an entertainment performance;

12 (ii) a sporting event; or

13 (iii) any other recreation or entertainment activity  
14 held for profit;

15 (b) subscription charges for cable television premium  
16 channels not included in the basic cable television  
17 subscription rate. These charges do not include the basic  
18 rate or installation fees or charges.

19 (c) rentals of motion picture video cassettes.

20 (7) "Person" means an individual, estate, trust,  
21 receiver, cooperative association, club, corporation,  
22 company, firm, partnership, joint venture, syndicate, or  
23 other entity.

24 (8) "Retail luxury surcharge" and "use tax" mean the  
25 applicable taxes imposed by [section 2].

1 (9) "Retail sale" means:

2 (a) the sale, lease, or rental of a luxury good as  
3 defined in this section, for consideration other than resale  
4 in the regular course of business; or

5 (b) the performance of a luxury service, as defined in  
6 this section for consideration.

7 (10) (a) "Sale price" means the total amount paid by  
8 the buyer to a seller for a retail sale, including the  
9 amount paid for any services that are part of the sale.

10 (b) The term does not include cash discounts allowed  
11 and taken or the value of a trade-in.

12 (11) "Service" means an activity that is performed for  
13 another person for consideration and that is distinguished  
14 from the sale or lease of property.

15 (12) (a) "Sporting event" means any athletic contest or  
16 recreational endeavor for which spectators are required to  
17 pay an admission fee, in which boats, vehicles, machines,  
18 aircraft, animals, or humans, including individuals or  
19 teams, compete in tests of skill, speed, strength, or  
20 agility or engage in games conducted under formal rules to  
21 determine a winner.

22 (b) The term does not include:

23 (i) interscholastic or intercollegiate activities that  
24 are conducted by accredited educational institutions or by  
25 associations of those institutions and that are not intended

1 for private profit; or

2 (ii) competition between teams or individuals  
3 sponsored by charitable organizations, the proceeds of which  
4 are dedicated to education, research, or medical care.

5 (13) "Use" or "using" means use, consumption, or  
6 storage, other than use or storage for resale or for use  
7 solely outside this state, in the ordinary course of  
8 business.

9 NEW SECTION. Section 2. Imposition and rate of retail  
10 luxury surcharge and use taxes. (1) A retail luxury  
11 surcharge of 4% is imposed on the sale price of all luxury  
12 goods and services, as defined in [section 1], bought in  
13 this state.

14 (2) For the privilege of using a luxury good in this  
15 state there is imposed on the person using the luxury good a  
16 use tax equal to 4% of the value of the property that was:

17 (a) acquired outside this state as the result of a  
18 transaction that would have been subject to the retail  
19 luxury surcharge had it occurred within this state; or

20 (b) acquired as the result of a transaction that was  
21 not initially subject to the retail luxury surcharge imposed  
22 by subsection (1) or the use tax imposed by subsection  
23 (2)(a) but which transaction, because of the buyer's  
24 subsequent use of the property, is subject to the retail  
25 luxury surcharge or use tax.

1 (3) For the privilege of using a retail luxury service  
 2 rendered in this state there is imposed on the person using  
 3 the service a use tax equal to 4% of the value of the  
 4 service at the time at which it was rendered. A service  
 5 taxable under this section must have been rendered as the  
 6 result of a transaction that was not initially subject to  
 7 the retail luxury surcharge or use tax but that, because of  
 8 the buyer's subsequent use of the service, is subject to the  
 9 retail luxury surcharge or use tax.

10 (4) For purposes of this section, the value of a  
 11 luxury good must be determined as of the time of  
 12 acquisition, introduction into this state, or conversion to  
 13 use, whichever is later.

14 NEW SECTION. Section 3. Liability of user for payment  
 15 of use tax. (1) A person in this state who uses a luxury  
 16 good is liable to the state for payment of the use tax if  
 17 the tax is payable on the value of the property but has not  
 18 been paid.

19 (2) The liability imposed by this section is  
 20 discharged if the buyer has paid the use tax to the seller  
 21 for payment to the department.

22 NEW SECTION. Section 4. Agents for collection of  
 23 retail luxury surcharge and use tax -- severability. (1) A  
 24 person who performs or attempts to perform an activity  
 25 within this state that attempts to exploit this state's

1 markets, who sells luxury goods or services for use in this  
 2 state, and who is not subject to the retail luxury surcharge  
 3 or use tax from these sales shall collect the retail luxury  
 4 surcharge or use tax from the buyer and pay the amount  
 5 collected to the department.

6 (2) "Activity", for the purposes of this section,  
 7 includes but is not limited to engaging in any of the  
 8 following in this state:

9 (a) maintaining an office or other place of business  
 10 that solicits orders through employees or independent  
 11 contractors;

12 (b) canvassing;

13 (c) demonstrating;

14 (d) collecting money;

15 (e) warehousing or storing merchandise; and

16 (f) delivering or distributing products as a  
 17 consequence of an advertising or other sales program  
 18 directed at potential customers.

19 NEW SECTION. Section 5. Nontaxable transaction  
 20 certificate -- requirements. (1) A nontaxable transaction  
 21 certificate executed by a buyer or lessee must be in the  
 22 possession of the seller or lessor at the time a nontaxable  
 23 transaction occurs.

24 (2) If the seller or lessor is not in possession of a  
 25 nontaxable transaction certificate within 60 days from the

1 date notice of the requirement for possession of a  
2 nontaxable transaction certificate is given to him by the  
3 department, all deductions claimed by him that require  
4 delivery of a nontaxable transaction certificate are  
5 disallowed.

6 (3) A nontaxable transaction certificate must contain  
7 the information and be in the form prescribed by the  
8 department.

9 (4) Only a buyer or lessee who has registered with the  
10 department may be allowed to execute a nontaxable  
11 transaction certificate.

12 (5) If the seller or lessor accepts a nontaxable  
13 transaction certificate within the required time and  
14 believes in good faith that the buyer or lessee will employ  
15 the property or service transferred in a nontaxable manner,  
16 the properly executed nontaxable transaction certificate is  
17 considered conclusive evidence that the proceeds from the  
18 transaction are deductible from the seller's or lessor's  
19 gross receipts.

20 NEW SECTION. Section 6. Exemption -- sales to  
21 government agencies. Sales to the United States or any  
22 agency or instrumentality of the United States or to this  
23 state or any political subdivision of this state are exempt  
24 from the retail luxury surcharge and use tax.

25 NEW SECTION. Section 7. Exemption -- isolated

1 occasional sale or lease of luxury goods or services. The  
2 isolated or occasional sale or lease of a luxury good or a  
3 luxury service by a person who is not regularly engaged in  
4 or who does not represent himself as engaged in the business  
5 of selling or leasing the same or a similar good or service  
6 is exempt from the retail luxury surcharge and use tax.

7 NEW SECTION. Section 8. Exemption -- charities. Sales  
8 to purely charitable institutions are exempt from the retail  
9 luxury surcharge and use tax.

10 NEW SECTION. Section 9. Exemption -- personal  
11 effects. The use by an individual of personal or household  
12 effects brought into the state for the establishment by him  
13 of an initial residence in this state and the use of  
14 property brought into the state by a nonresident for his own  
15 nonbusiness use while temporarily within this state are  
16 exempt from the use tax.

17 NEW SECTION. Section 10. Deduction -- sale of luxury  
18 goods for resale. Receipts from the sale of luxury goods may  
19 be deducted from gross receipts if:

20 (1) the sale is made to a buyer who delivers a  
21 nontaxable transaction certificate to the seller; and

22 (2) the buyer resells or plans to resell the luxury  
23 goods in the ordinary course of business and the property  
24 will subsequently be subject to the retail luxury surcharge.

25 NEW SECTION. Section 11. Deduction -- sale of luxury

1 service for resale. A receipt from the sale of a luxury  
2 service for resale may be deducted from gross receipts if:

3 (1) the sale is made to a person who delivers a  
4 nontaxable transaction certificate;

5 (2) the buyer separately states the value of the  
6 service purchased in his charge for the service on its  
7 resale; and

8 (3) the resale is in the ordinary course of business  
9 and is subject to the use tax.

10 NEW SECTION. Section 12. Credit -- out-of-state  
11 taxes. If a gross receipts, sales, use, or similar tax has  
12 been levied by another state or a political subdivision of  
13 another state on a luxury good bought outside this state but  
14 that will be used or consumed in this state and the tax has  
15 been paid, the amount of tax paid may be credited against  
16 any use tax due this state on the same luxury good.

17 NEW SECTION. Section 13. Nontaxable transaction  
18 certificate -- form. (1) The department shall provide for a  
19 uniform nontaxable transaction certificate. In order to  
20 obtain a deduction under [sections 1 through 23], a  
21 purchaser shall use the certificate when purchasing goods or  
22 services for resale.

23 (2) At a minimum, the certificate must provide:

24 (a) the registration number issued to the purchaser as  
25 provided in [section 18];

1 (b) the general character of the luxury good or  
2 service sold by the purchaser in the regular course of  
3 business;

4 (c) the luxury good or service purchased for resale;

5 (d) the name and address of the purchaser; and

6 (e) a signature line for the purchaser.

7 NEW SECTION. Section 14. Improper use of subject of  
8 purchase obtained with nontaxable transaction certificate --  
9 penalty. (1) If a purchaser who uses a nontaxable  
10 transaction certificate uses the subject of the purchase for  
11 a purpose other than one allowed as a deduction under  
12 [sections 1 through 23], the use is considered a taxable  
13 sale by the purchaser as of the time of first use by him and  
14 the sale price he receives is considered the gross receipts  
15 from the sale. If the sole nonexempt use is rental while  
16 holding for sale, the purchaser shall include in his gross  
17 receipts the amount of the rental charged. Upon resale of  
18 the luxury good, the seller shall include the entire amount  
19 of gross receipts received from the resale, without  
20 deduction of amounts previously received as rentals.

21 (2) A person who uses a nontaxable transaction  
22 certificate for purchasing property that will be used for a  
23 purpose other than the purpose claimed is subject to a  
24 penalty, payable to the department, of \$100 for each  
25 transaction in which an improper use of an exemption

1 certificate has occurred.

2 (3) Upon a showing of good cause, the department may  
3 abate or waive the penalty or a portion of the penalty.

4 NEW SECTION. Section 15. Commingling nontaxable  
5 certificate goods. If a purchaser uses a nontaxable  
6 transaction certificate with respect to the purchase of  
7 fungible goods and thereafter commingles the goods with  
8 fungible goods not so purchased but of such similarity that  
9 the identity of the goods in the commingled mass cannot be  
10 determined, sales from the mass of commingled goods are  
11 considered to be sales of the goods purchased with the  
12 certificate until the quantity of commingled goods sold  
13 equals the quantity of goods originally purchased under the  
14 certificate.

15 NEW SECTION. Section 16. Collection and reporting.  
16 (1) The surcharge (and use tax, when applicable) imposed by  
17 [section 2] must be collected by the owner or operator of  
18 each establishment offering to the public a luxury good or  
19 service.

20 (2) At the end of each calendar quarter, the owner or  
21 operator shall report to the department, at the end of each  
22 calendar quarter, the gross receipts collected during that  
23 quarter attributable to the sale of luxury goods or services  
24 taxable under [section 2]. The report is due within 30 days  
25 following the end of the calendar quarter and must be

1 accompanied by a payment in an amount equal to the tax  
2 required to be collected under subsection (1).

3 NEW SECTION. Section 17. Audits -- records. (1) The  
4 department may audit the books and records of any owner or  
5 operator to ensure that the proper amount of retail luxury  
6 surcharge or use tax imposed by [section 2] has been  
7 collected. An audit may be done on the premises of the owner  
8 or operator or at any other convenient location.

9 (2) The department may request the owner or operator  
10 to provide the department with books, ledgers, registers, or  
11 other documents necessary to verify the correct amount of  
12 the retail luxury surcharge or use tax.

13 (3) The owner or operator shall maintain and have  
14 available for inspection by the department books, ledgers,  
15 rental records, or other documents showing the collection of  
16 the surcharge imposed under [section 2] for the preceding 5  
17 years.

18 (4) Except in the case of a person who, with intent to  
19 evade the retail luxury surcharge or use tax, purposely or  
20 knowingly files a false or fraudulent return in violation of  
21 the provisions of this part, the amount of surcharge or use  
22 tax due under any return must be determined by the  
23 department within 5 years after the return is made, and the  
24 department thereafter is barred from revising any return or  
25 recomputing the surcharge or use tax due on a return. No



1 proceeding in court for the collection of the retail luxury  
2 surcharge or use tax may be instituted unless notice of any  
3 additional surcharge or use tax due is provided within 5  
4 years after the return is made.

5 (5) An application for revision may be filed with the  
6 department by an owner or operator within 5 years from the  
7 original due date of the return.

8 **NEW SECTION. Section 18.** Registration number --  
9 application to department. (1) The owner or operator shall  
10 apply to the department of revenue for a registration  
11 number.

12 (2) The application must be made on a form provided by  
13 the department.

14 (3) Upon completion of the application and delivery of  
15 the application to the department, the department shall  
16 assign a registration number to the owner, operator, or  
17 establishment, as appropriate.

18 **NEW SECTION. Section 19.** Failure to pay or file --  
19 penalty -- interest. (1) An owner or operator who fails to  
20 file a report required by [section 16] must be assessed a  
21 penalty of 2% of the tax that should have been collected  
22 during the calendar quarter. Upon a showing of good cause,  
23 the department of revenue may waive the penalty.

24 (2) An owner or operator who fails to make payment or  
25 fails to report and make payment as required by [section 16]

1 must be assessed a penalty of 2% of the amount that was not  
2 paid. Upon a showing of good cause, the department may waive  
3 the penalty.

4 (3) If an owner or operator fails to file a report  
5 required by [section 16] or if the department determines  
6 that a report understates the amount of tax due, the  
7 department may determine the amount of the tax due and  
8 assess that amount against the owner or operator.

9 (4) The amount required to be paid under [section 16]  
10 accrues interest at the rate of 1% a month or any part of a  
11 month from delinquency until paid.

12 **NEW SECTION. Section 20.** Refunds. A claim for a  
13 refund made for taxes collected under [sections 1 through  
14 23] must be in accordance with the procedure and time limits  
15 provided in 15-1-503.

16 **NEW SECTION. Section 21.** Administration -- rules. The  
17 department shall:

18 (1) administer and enforce the provisions of [sections  
19 1 through 23];

20 (2) cause to be prepared and distributed such forms  
21 and information as may be necessary to administer the  
22 provisions of [sections 1 through 23]; and

23 (3) promulgate rules appropriate to administer and  
24 enforce the provisions of [sections 1 through 23].

25 **NEW SECTION. Section 22.** Retail luxury surcharge and

1 use tax account -- administration and enforcement account.

2 (1) There is within the state special revenue fund a retail  
3 luxury surcharge and use tax account.

4 (2) All money collected under [sections 1 through 23]  
5 must be paid by the department into the retail luxury  
6 surcharge and use tax account.

7 (3) (a) Except as provided in subsection (3)(b), 2.5%  
8 of the amount deposited in the retail luxury surcharge and  
9 use tax account must be retained as a retail luxury  
10 surcharge and use tax administration and enforcement account  
11 for the purposes of administration and enforcement of  
12 [sections 1 through 23].

13 (b) The amount deposited in the retail luxury  
14 surcharge and use tax administration and enforcement account  
15 may not exceed actual expenses incurred, encumbered, or  
16 anticipated in any fiscal year for the purposes of  
17 administration and enforcement of [sections 1 through 23]  
18 unless the additional amounts are otherwise appropriated by  
19 law.

20 (4) There must be retained in the retail luxury  
21 surcharge and use tax account the amounts necessary under  
22 [sections 1 through 23] to repay overpayment, pay any  
23 erroneous receipts illegally assessed or collected or that  
24 are excessive in amount, and pay other refunds as required.

25 NEW SECTION. **Section 23.** Disposition of retail luxury

1 surcharge and use tax revenue. Retail luxury surcharge and  
2 use tax revenue remaining after allocation to the accounts  
3 established in [section 22] is allocated to state  
4 equalization aid as provided in 20-9-343.

5 **Section 24.** Section 20-9-343, MCA, is amended to read:

6 "20-9-343. Definition of and revenue for state  
7 equalization aid. (1) As used in this title, the term "state  
8 equalization aid" means ~~those moneys~~ the money deposited in  
9 the state special revenue fund as required in this section  
10 plus any legislative appropriation of money from other  
11 sources for distribution to the public schools for the  
12 purpose of equalization of the foundation program.

13 (2) The ~~legislative--appropriation~~ legislature shall  
14 biennially appropriate money for state equalization aid  
15 ~~shall--be--made--in--a--single--sum--for--the--biennium.~~ The  
16 superintendent of public instruction ~~has--authority--to~~ may  
17 spend such the appropriation, together with the earmarked  
18 revenues provided in subsection (3), as required for  
19 foundation program purposes throughout the biennium.

20 (3) The following ~~shall~~ must be paid into the state  
21 special revenue fund for state equalization aid to public  
22 schools of the state:

23 (a) 31.8% of all money received from the collection of  
24 income taxes under chapter 30 of Title 15;

25 (b) 25% of all money, except as provided in 15-31-702,

1 received from the collection of corporation license and  
2 income taxes under chapter 31 of Title 15, as provided by  
3 15-1-501;

4 (c) ~~100%~~ of the money allocated to state equalization  
5 from the collection of the severance tax on coal;

6 (d) ~~100%~~ of the money received from the treasurer of  
7 the United States as the state's shares of oil, gas, and  
8 other mineral royalties under the federal Mineral Lands  
9 Leasing Act, as amended;

10 (e) interest and income money described in 20-9-341  
11 and 20-9-342;

12 (f) income from the education trust fund account; and

13 (g) in addition to these revenues, the surplus  
14 revenues collected by the counties for foundation program  
15 support according to 20-9-331 and 20-9-333; and

16 (h) retail luxury surcharge and use tax revenue.

17 (4) Any surplus revenue in the state equalization aid  
18 account in the second year of a biennium may be used to  
19 reduce the appropriation required for the next succeeding  
20 biennium."

21 NEW SECTION. Section 25. Codification instruction.  
22 [Sections 1 through 23] are intended to be codified as an  
23 integral part of Title 15, and the provisions of Title 15  
24 apply to [sections 1 through 23].

25 NEW SECTION. Section 26. Severability. If a part of

1 [this act] is invalid, all valid parts that are severable  
2 from the invalid part remain in effect. If a part of [this  
3 act] is invalid in one or more of its applications, the part  
4 remains in effect in all valid applications that are  
5 severable from the invalid applications.

6 NEW SECTION. Section 27. Effective date --  
7 applicability. (1) [This act] is effective on passage and  
8 approval.

9 (2) [This act] applies to taxable transactions  
10 occurring on or after January 1, 1990.

11 NEW SECTION. Section 28. Contingent termination date.  
12 If an act of the 51st legislature in special session  
13 establishing a general sales tax is passed and approved,  
14 [this act] terminates on [the effective date of the act  
15 establishing the general sales tax] or, if that act is  
16 referred to the people, on [the effective date of that act  
17 after approval by the people].

-End-

## STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for HB21, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

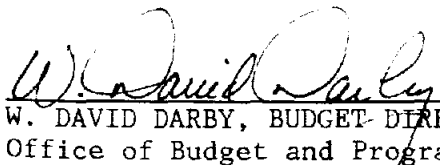
An act imposing a retail luxury surcharge and use tax on certain luxury goods and services; allocating the proceeds from the retail luxury surcharge and use tax to state equalization of the foundation program; and providing an immediate effective date, an applicability date, and a contingent termination date.

ASSUMPTIONS:

1. Montana total personal income is estimated to be \$11,600,000,000 in FY90 and \$12,100,000,000 in FY91. (HJR13).
2. Revenue estimates are based on national averages of percent of total personal income spent on specific merchandise line items detailed in Nickels and Dimes, How Sales and Excise Taxes Add Up in the 50 States, Citizens for Tax Justice, March 1988; and estimated total sales by merchandise line items for 1982, inflated to current years, in 1982 Census of Retail Trade, Merchandise Line Sales, Montana, U.S. Department of Commerce, Bureau of the Census.
3. Administrative expenses of the Department of Revenue under this proposal would increase \$1,463,224 in FY90 and \$2,554,013 in FY91. These additional costs are attributable to many retailers selling a mix of taxable and nontaxable items. This provides the potential for many interpretive issues and potential compliance problems.
4. The effective date of the bill is January 1, 1990, so there would only be one quarterly payment in FY90.
5. 2.5% of the revenue collected is allocated to an administration and enforcement account. The balance is allocated to the foundation program.
6. This note represents an under-estimate of revenue generated by the proposal since line item sales for electronic computer and television games, VCR rentals, and admission to recreation or entertainment activities other than entertainment performances and sporting events were unavailable. If these missing items were included it is estimated that revenue would be in the \$20,000,000 per year range.

FISCAL IMPACT:Revenue Impact:

	FY90			FY91		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Luxury Tax	\$ 0	\$ 4,435,000	\$ 4,435,000	\$ 0	\$ 18,573,000	\$ 18,573,000

 DATE 6/22/89  
 W. DAVID DARBY, BUDGET DIRECTOR  
 Office of Budget and Program Planning

 DATE 6/23/89  
 JANEY MOORE, PRIMARY SPONSOR

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Fiscal Note Request HB21, as introduced

Form BD-15

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Fund Information:

	FY90			FY91		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Administration	\$ 0	\$ 111,000	\$ 111,000	\$ 0	\$ 464,000	\$ 464,000
Foundation Program	0	4,324,000	4,324,000	0	18,109,000	18,109,000
Total	\$ 0	\$ 4,435,000	\$ 4,435,000	\$ 0	\$ 18,573,000	\$ 18,573,000

Expenditure Impact:

	FY90			FY91		
	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Difference</u>
Personal Services	\$ 0	\$ 350,776	\$ 350,776	\$ 0	\$ 1,997,272	\$ 1,997,272
Operating Expense	0	485,330	485,330	0	556,741	556,741
Equipment	0	627,118	627,118	0	0	0
Total	\$ 0	\$ 1,463,224	\$ 1,463,224	\$ 0	\$ 2,554,013	\$ 2,554,013

TECHNICAL OR MECHANICAL DEFECTS OR CONFLICT WITH EXISTING LEGISLATION:

The proposed implementation date of January 1, 1990 may not allow sufficient time to properly administer the proposal. A more realistic date is October 1, 1990. It is believed that an earlier date would drastically reduce revenues.

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