

## FISCAL NOTE

October 2, 2018

<b>Bill No:</b>	SB 1258	<b>Printer's No:</b>	1988	<b>Sponsor:</b>	White (R)
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### COST / (SAVINGS)

Fund (s)	2018-19	2019-20
General Fund	\$272.6 million	See "FISCAL IMPACT"

**SUMMARY:** This bill would exempt from the Sales and Use Tax (SUT) the sale of "canned" or mass-produced software, the sale and installation of financial security systems, and fees charged by financial institutions for services where the predominant purpose is not the purchase or use of tangible personal property.

**ANALYSIS:** SB 1258 excludes three categories of transactions from the Sales and Use Tax: the sale of "canned" software, the sale of financial security systems, and financial transaction fees where the predominant purpose of the transaction is not the purchase or use of tangible personal property. Canned software is defined as software that is not custom-made, or available to the public and that can be used as-is, without the purchase of additional professional customization.

**FISCAL IMPACT:** The following table summarizes the lost revenue from the three categories of exemptions from SUT that SB 1258 creates:

Transaction Exempted by SB 1258	Lost Revenue
Canned Software	\$242.6 million
Financial Security Systems	\$ 15.0 million
Financial Transaction Fees	\$ 15.0 million
<b>Total:</b>	<b>\$272.6 million</b>

The total lost revenue resulting from SB 1258 increases in all subsequent fiscal years.