TAX/LOCAL. Authorizes parishes to contract with the Louisiana Sales and Use Tax Commission for Remote Sellers for the collection of local sales and use tax. (1/1/23)

AN ACT
To amend and reenact R.S. 47:340(E)(3) and (5), (G)(1) through (5), the introductory
paragraph of (G)(6), (G)(8), and (11), (H)(3), (12), and (13), and (I), to enact R.S.
47:339.1, and to repeal R.S. 47:340(H)(15), relative to the administration of local
sales and use taxes; to provide for the powers and duties of the Louisiana Sales and
Use Tax Commission for Remote Sellers; to authorize the commission to collect
local sales and use taxes for collectors that enter into contracts with the commission;
to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 47:340(E)(3) and (5), (G)(1) through (5), the introductory paragraph
of (G)(6), (G)(8), and (11), (H)(3), (12), and (13), and (I) are hereby amended and reenacted
and R.S. 47:339.1 is hereby enacted to read as follows:

§339.1. Louisiana Sales and Use Tax Commission for Remote Sellers;
nonremote sales

A. In addition to the duties of the commission pursuant to R.S. 47:339,
no later than January 1, 2024, the commission shall:

(1) Develop a single electronic return for all state and local sales and use
taxes in consultation with the Louisiana Uniform Local Sales Tax Board and the
Department of Revenue.

(2) Have the authority to enter into contracts with collectors of local sales
and use tax and state sales and use tax for the collection of tax from qualifying
nonremote sellers. The tax monies received pursuant to these contracts shall, at
all times, be and remain the property of the respective taxing authorities.

(3) Provide the minimum tax administration, collection, and payment
requirements required by federal law with respect to the collection and
remittance of sales and use tax imposed on nonremote sales that the commission
is authorized by contract to collect.

(4) Establish a fiscal agent for the purpose of nonremote sales and use tax
remittances.

B. Definitions.

(1) "Local taxing authority" and "local" means those parishes,
municipalities, special tax districts, political subdivisions, parish governing
bodies, and school boards who are authorized under the provisions of the
Constitution of Louisiana, the Louisiana Revised Statutes of 1950, and
jurisprudence to levy and collect local sales and use taxes.

(2) The term "nonremote sale" means a sale that is made by a nonremote
seller that is not a remote sale.

(3) The term "nonremote seller" means a seller that is not a remote
seller.

(4) The term "remote sale" means a sale that is made by a remote seller
for delivery into Louisiana.

(5) The term "remote seller" means a seller who sells for sale at retail,
use, consumption, distribution, or for storage to be used for consumption or
distribution any taxable tangible personal property, products transferred
electronically, or services for delivery within Louisiana, but does not have a
physical presence in Louisiana. The term "remote seller" includes
"marketplace facilitators" as defined in R.S. 47:340.1.

(6) The term "qualifying nonremote sale" means a sale by a qualifying nonremote seller in a parish that has entered into a contract for collection by the commission pursuant to Paragraph (A)(2) of this Section.

(7) The term "qualifying nonremote seller" means a nonremote seller that has a physical location in this state and is registered to file and remit local sales and use taxes pursuant to a local ordinance in two or more parishes.

(8) "Sales and use taxes" and "taxes" shall mean the sales and use taxes levied by the state of Louisiana under the provisions of Title 47 of the Louisiana Revised Statutes of 1950, and the sales and use taxes levied by local taxing authorities in Louisiana under the provisions of the Constitution of Louisiana, statutory laws authorizing the imposition of such taxes, and local sales and use tax ordinances.

C. Notwithstanding the provisions of Subsection A of this Section, if the commission certifies to the Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means that the commission has insufficient funds available from R.S. 47:340(E)(3) to meet the January 1, 2024, deadline for the development of the single electronic return and the implementation of the other duties set forth in Subsection A of this Section, the commission may request an extension of the deadline from the committees until funds are available.

§340. Louisiana Sales and Use Tax Commission for Remote Sellers; members; powers

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E. * * *

(3) The commission and its operations shall be funded by an amount equal to actual expenses incurred which amount shall not exceed one percent of the total amount of state and local sales and use tax collected on remote sales by the commission. Subject to the limitations provided in this Paragraph, this amount shall
be retained by the commission on a monthly basis from current collections of state
and local sales tax on remote sales as collected by the commission prior to monthly
distribution to the state and local collectors. The commission shall have no authority
to retain these monies unless and until a federal law authorizing states to require
remote sellers and their agents to collect state and local sales and use taxes on their
sales in each state has been enacted and becomes effective or a decision by the
United States Supreme Court overrules the physical presence requirement for a
delivery into the state. Upon distribution of the local sales and use tax collected from
remote sellers by the commission, the local collectors may retain the usual and
customary percentage of collections in accordance with local ordinances or
agreements.

*   *   *

(5)(a) If use tax collections pursuant to R.S. 47:302(K) yield insufficient
revenue to fulfill the dedication for the adjudication of local sales and use tax matters
that is made pursuant to R.S. 47:302(K)(7) for interagency transfers to the
Department of State Civil Service, Board of Tax Appeals, Local Tax Division, and
there is no means of financing available to satisfy the dedication pursuant to R.S.
47:337.102(I)(3), the remaining amount necessary to satisfy the dedication shall be
considered an actual expense of this commission pursuant to Paragraph (3) of this
Subsection, and payment of the interagency transfer due shall be made from local
sales and use tax collections of the commission within the first thirty days of the
fiscal year.

(b) A part of the interagency transfer due pursuant to Section 2 of Act No.
198 of the 2014 Regular Session of the Legislature may be designated as an actual
expense of the commission pursuant to Paragraph (3) of this Subsection, and
payment of that designated part may be made from state sales and use tax collections
of the commission pursuant to a written agreement with the secretary.

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Coding: Words which are struck through are deletions from existing law; words in boldface type and underscored are additions.
G. The commission shall have the power, duty, and authority:

(1) To serve as the single entity within the state of Louisiana responsible for all state and local sales and use tax administration, return processing, and audits for remote sales delivered into Louisiana and for nonremote sales that the commission is authorized by contract to collect.

(2) To serve as the central, single agency to which remote sellers shall make state and local sales and use tax remittances and as the central, single agency to which qualifying nonremote sellers shall make state and local sales and use tax remittances on nonremote sales that the commission is authorized by contract to collect.

(3) To assign and direct a single audit of remote sellers for the state and all local taxing authorities and assign and direct a single audit of qualifying nonremote sellers for all state and local taxing authorities that have entered into a contract with the commission pursuant to R.S. 47:339.1.

(4) To serve as the single state of Louisiana agency to represent both state and local taxing authorities in taking appropriate action to enable Louisiana to participate in programs designed to allow Louisiana to more efficiently enforce and collect state and local sales and use taxes on sales made by remote sellers and qualifying nonremote sellers.

(5) To conduct administrative hearings as requested by aggrieved remote sellers and qualifying nonremote sellers, administer oaths, and make adjustments to assessments when justified by the facts and the law, and render decisions following such hearings.

(6) To require remote sellers and qualifying nonremote sellers to register with the commission.

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(8) To enter into agreements to waive or suspend prescription with remote sellers as to state and local taxes and with qualifying nonremote sellers.

*   *   *
(11) To enter into voluntary disclosure agreements with remote sellers as to state and local sales and use taxes and with qualifying nonremote sellers.

H. Nothing in this Chapter shall be construed to:

* * *

(3) Authorize the commission to exercise any right or perform any function presently exercised by local sales and use tax authorities under present law except as provided in contracts entered into pursuant to R.S. 47:339.1.

* * *

(12) Authorize the commission to serve as a central state collection agency for local sales and use taxes except as provided in contracts entered into pursuant to R.S. 47:339.1.

(13) Limit any statutory and ordinal provisions in place as of June 16, 2017, that require dealers and taxpayers, with respect to non-remote sales, to pay and remit directly to the single sales and use tax collector in each parish the sales and use taxes due to each local taxing authority within each parish except as provided in contracts entered into pursuant to R.S. 47:339.1.

* * *

(15) I. The sums of money collected by the remote seller remote sellers and nonremote sellers and remitted to the commission pursuant to R.S. 47:339 and 339.1 for payment of sales and use taxes imposed by the state and local taxing authorities shall, at all times, be and remain the property of the respective taxing authorities and deemed held in trust for taxing authorities, including while in the possession of the commission.

I. The Louisiana State Law Institute is hereby authorized and requested to review all statutes which contain phrases being changed by this Chapter and in all locations it deems appropriate change the references, particularly those that apply to the levy and collection of state and local sales and use taxes.

Section 2. R.S. 47:340(H)(15) is hereby repealed.

Section 3. This Act shall become effective on January 1, 2023; if vetoed by the
governor and subsequently approved by the legislature, this Act shall become effective on
the day following such approval by the legislature or January 1, 2023, whichever is later.

The original instrument and the following digest, which constitutes no part
of the legislative instrument, were prepared by Leonore Heavey.

DIGEST
SB 235 Reengrossed 2022 Regular Session Allain

Present law provides for the Louisiana Sales and Use Tax Commission for Remote Sellers, hereinafter referred to as "commission", created and established within the Department of Revenue for the administration and collection of the sales and use tax imposed by the state and political subdivisions with respect to remote sales.

Proposed law retains present law with respect to remote sellers, and beginning January 1, 2024, requires the commission to develop a single electronic return for all state and local sales and use taxes in consultation with the Uniform Local Sales Tax Board and the Dept. of Revenue, and authorizes the commission to enter into contracts with collectors of state and local sales and use tax for the collection of tax on sales from qualifying nonremote sellers.

Proposed law defines "qualifying nonremote seller" as a nonremote seller that has a physical location in this state and is registered to file and remit local sales and use taxes pursuant to a local ordinance in two or more parishes.

Proposed law authorizes the commission to request an extension of the January 1, 2024 deadline if there is insufficient funding to carry out its new duties established under proposed law.

Present law funds the commission for its actual expenses with up to 1% of the tax collected from remote sales.

Proposed law authorizes the commission to retain up to 1% of all taxes it collects from both remote and nonremote sales to fund its operations.

Present law provides for funding of the Board of Tax Appeals and further provides that if consumer use tax collections yield insufficient revenue to fulfill dedications for interagency transfers to the Dept. of State Civil Service, Board of Tax Appeals, Local Tax Division, that the remaining funds first be an obligation of the Louisiana Uniform Local Sales Tax Board (the board), and if the board does not have sufficient funds, that the balance shall be an obligation of the commission as a necessary expense of the commission.

Proposed law removes the requirement that the board provide any deficit funding for the Local Tax Division.

Present law provides for the powers and duties of the commission with respect to remote sales and remote sellers.

Proposed law retains the commission's present law powers and duties and extends them to nonremote sales that the commission is authorized under proposed law by contract to collect.

Present law provides for limitations on the authority of the commission with respect to sales other than remote sales.

Proposed law retains the present law limitations on nonremote sales except for those nonremote sales that the commission is authorized under proposed law by contract to collect.
Present law provides that taxes on remote sales collected by the commission shall, at all times, be and remain the property of the respective taxing authorities and deemed held in trust for taxing authorities by the commission.

Proposed law retains present law and extends the provisions to taxes collected on nonremote sales that the commission is authorized under proposed law by contract to collect.

Proposed law deletes obsolete language in present law that authorized the Law Institute to change references.

Proposed law deletes obsolete language in present law and that conditioned the authority of the commission to collect sales and use tax on the passage of a federal law authorizing states to require remote sellers and their agents to collect state and local sales and use taxes or when the United States Supreme Court overrules the physical presence requirement for a remote seller to collect and remit state and local sales and use tax.

Effective January 1, 2023.

(Amends R.S. 47:340(E)(3) and (5), (G)(1) - (5), (6) (intro para), (8), and (11), (H)(3), (12), and (13), and (I); adds R.S. 47:339.1; repeals R.S. 47:340(H)(15))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the original bill

1. Requires the commission to develop a single electronic return for all local taxing authorities in consultation with the Uniform Local Sales Tax Board and the Dept. of Revenue by January 1, 2024.

2. Authorizes the commission to request an extension of the January 1, 2024 deadline if there is insufficient funding to carry out its new duties.

3. Removes provision that beginning January 1, 2023, agreements to collect remote sales tax under present law shall be suspended for all taxing authorities until their collector has entered into an agreement for the collection of tax on nonremote sales.

4. Removes the requirement that the Louisiana Uniform Local Sales Tax Board provide any deficit funding for the Local Tax Division of the BTA.

5. Provides for technical changes.

Committee Amendments Proposed by Senate Committee on Finance to the engrossed bill

1. Requires the commission to develop a single electronic return that includes state sales and use tax in addition to taxes collected by local taxing authorities.

2. Authorizes the Dept. of Revenue to contract with the commission for the collection of state sales and use tax on nonremote sales.

3. Removes obsolete provisions that conditioned the ability of the commission to collect sales and use tax on remote sales.

4. Provides for technical changes.