



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 1039** HLS 26RS 1525
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 1, 2026 3:53 PM	Author: DESHOTEL
Dept./Agy.: Remote Sellers, Uniform Local Sales Tax Board, Locals	Analyst: Mimi Blanchard
Subject: Local Sales and Use Tax Audit Procedures	

TAX/SALES-USE, LOCAL OR SEE FISC NOTE LF EX Page 1 of 1
 Provides for local sales and use tax audit procedures

Proposed law requires local sales and use tax collectors to select taxpayers for audit through random selection, except when a written determination establishes a reasonable basis for a targeted audit, and requires prior approval of audits by the applicable commission or governing board. Proposed law requires collectors to provide taxpayers with a written request for records and allow at least 30 days for production prior to issuing an estimated assessment, and prohibits arbitrary assessments, including those that are grossly disproportionate to the final determination (defined as a difference of more than 10% or \$10,000, whichever is greater). Proposed law prohibits collectors from requiring a taxpayer to execute a waiver of the prescriptive period as a condition of issuing a notice of tax due, assessment, or concluding an audit, and provides that such waivers are voluntary. Proposed law further provides that, if a waiver is executed, interest and delinquency penalties shall not accrue during the waiver period, and exempts such taxpayers from penalties for failure to timely file or remit taxes.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

LFO believes that to the extent that reduced flexibility in extending prescriptive periods requires audits to be completed within shorter timeframes, local collection agencies may incur increased administrative costs to conduct audit and enforcement activities.

Louisiana Association of Tax Administrators (LATA) reports no anticipated direct material effect on local collection agency expenditures as a result of this measure.

REVENUE EXPLANATION

LATA reports that proposed law will result in an indeterminable decrease in local sales and use tax collections to the extent that the ability of local collectors to initiate or conduct audits is limited. LATA indicates that the current audit coverage rate is approximately 1.42% of total taxpayers, and that audit activity may be reduced due to additional approval requirements and the use of random audit selection, which may result in lower collections if selected taxpayers have limited tax liability. LFO does not believe that additional approval requirements of proposed law inherently restrict audit authority or activity, though to the extent that random selection results in taxpayers with lower or higher liability than those currently selected, revenues may be impacted.

Proposed law prohibits collectors from requiring or conditioning audit resolution on a taxpayer's agreement to extend the prescriptive period, invalidates certain waivers obtained in violation of this provision, and suspends the accrual of interest and penalties during the waiver period. LATA reports that these changes may reduce audit collections, as the suspension of interest would directly reduce amounts collected and restrictions on executing waivers could result in audits prescribing prior to completion when waivers are not executed. LATA further indicates that waivers are currently executed for various reasons, including staffing constraints, sequencing of audit workloads, and delays in obtaining necessary documentation from taxpayers. LFO acknowledges that these provisions may reduce flexibility in audit timelines; however, to the extent that audits must be completed within shorter timeframes, impacts may be reflected in increased administrative costs rather than reduced collections.

*Note: LATA reports that proposed law may conflict with confidentiality requirements established in R.S. 47:1508, which restrict the disclosure of taxpayer information except as otherwise provided by law.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 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}

Alan M. Boxberger
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