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## DIGEST

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HB 63 Original

2017 Regular Session

Lance Harris

**Abstract:** Requires advance payment of sales tax to be collected and remitted by certain wholesalers and authorizes compensation for those wholesalers collecting advance sales tax.

Present law provides for returns and monthly or quarterly payment of sales tax by dealers. Further requires certain reporting relative to sales by dealers. Authorizes a vendor's compensation of 0.935% of the sales tax remitted, but no more than \$1,500 per month, by a dealer for timely remitting the sales tax. Requires registration by certain nonresident contractors. Provides for payment of the tax by a licensed vehicle dealer.

Proposed law retains present law but requires collection of advance sales tax by manufacturers, wholesalers, jobbers, and suppliers from any retail sale that would be taxable under the provisions of present law.

Proposed law provides an exemption for the advance payment of sales tax for dealers whose sales are comprised of more than 50% to industrial users.

Proposed law defines "industrial user" as a business engaged in the manufacture of tangible personal property for sale, whose sales are primarily to other dealers for resale.

Proposed law exempts certain out-of-state wholesale dealers from payment of advance sales tax when transferring property to wholesale dealers who have an exemption identification number. Further defines "wholesale dealer" as a dealer who has at least 50% of sales that do not constitute retail sales.

Proposed law requires the advance payment amount collected by the wholesaler from the dealer to be the same amount the dealer would be required to collect upon the sale of the item.

Proposed law authorizes dealers to deduct out of the sales tax collected upon the retail sale of an item that amount of advance sales tax paid by the dealer to the wholesaler for the item.

Proposed law authorizes vendor's compensation in present law for manufacturers, wholesalers, jobbers, and suppliers collecting advance sales tax.

Proposed law prohibits local governing bodies from requiring advance sales tax collection.

Proposed law prohibits absorption of the tax by any retailer, wholesaler, manufacturer, or other

supplier. Proposed law establishes a misdemeanor crime for absorption, punishable by a fine of not more than \$2,000, not more than two years in parish jail, or both.

Proposed law authorizes the secretary of the Dept. of Revenue to issue exemption identification numbers for certain dealers. To be eligible to receive an exemption identification number, a dealer must meet the following requirements:

- (1) Be registered and filing sales tax returns for a minimum of one year.
- (2) Have sales over a 12 consecutive month period of \$3 million or more.
- (3) Have timely filed returns for the same period.

Proposed law grants the secretary discretion in determining eligibility. Further authorizes the secretary to refuse the issuance of an exemption identification number.

Proposed law authorizes the secretary to promulgate rules to administer advance sale tax implementation.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:306(B))