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## DIGEST

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HB 307 Engrossed

2017 Regular Session

Lyons

**Abstract:** Requires a tax clearance from the Dept. of Revenue for the issuance or renewal of a tax resale certificate and the approval of certain state procurement contracts.

Proposed law provides that in order for a person to receive a sales tax resale certificate from the Dept. of Revenue, a tax clearance certificate shall be required to confirm that the applicant is current in the filing of all applicable tax returns and reports, and in payment of all taxes, interest, penalties, and fees owed to the state and collected by the Dept. of Revenue.

Present law establishes requirements for the approval of procurement contracts by the Office of State Procurement.

Proposed law changes present law by adding a requirement that before the office of state procurement can approve a contract for professional, consulting, or social services, or for the purchase of food, supplies, or major repairs, a tax clearance certificate shall be required to confirm that the proposed contractor is current in the filing of all applicable tax returns and reports, and in payment of all taxes, interest, penalties, and fees owed to the state and collected by the Dept. of Revenue.

Proposed law provides that a tax clearance certificate shall not be required for purposes of bidding or the solicitation of a procurement contract.

Proposed law requires that the chief procurement officer provide the secretary of the Dept. of Revenue (secretary) a list of the prospective contractors that require a tax clearance for approval of a procurement contract. The secretary is then required to provide the chief procurement officer with a signed tax clearance for each applicant indicating whether the proposed contractor is current in filing all tax returns and in payment of all taxes, interest, penalties, and fees owed to the state of La., excluding items either under formal appeal pursuant to present law or being paid in compliance with the terms of an installment agreement.

Proposed law provides that in instances where an assessment against a proposed contractor has become final and collectible by distraint and sale, such proposed contractor shall not be approved for a procurement contract until such time as the proposed contractor has filed the applicable tax returns and paid or made arrangements to pay the delinquent tax liability and the secretary notifies the chief procurement officer of the payment or arrangement to pay.

Present law provides for the circumstances under which the secretary may disclose certain taxpayer information to other state agencies.

Proposed law changes present law by adding an exception for a request made by the chief procurement officer, for purpose of the proposed law, specifically concerning whether a prospective contractor is, as required by proposed law, current in the filing of all applicable tax returns and reports and in the payment of all taxes, interest, penalties, and fees owed to the state and collected by the Dept. of Revenue. The information disclosed shall be used solely for the purpose of determining whether the contract may be approved by the Office of State Procurement.

Proposed law exempts from the requirements of proposed law procurements in the following circumstances:

- (1) A contract approved by the Office of State Procurement that involves an emergency or a sole source procurement.
- (2) A contract for construction, maintenance, or repair of highways, or a contract financed by the U.S. government.
- (3) A contract for an institution of higher education or other agency of higher education if the chief procurement officer has delegated authority to procure contracted services using private grant funds or federal funds.

Proposed law authorizes the secretary to promulgate rules and regulations in accordance with the Administrative Procedure Act as may be necessary to implement the provisions of proposed law.

Proposed law applies prospectively only.

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

(Adds R.S. 39:1624(A)(10), and R.S. 47:1508(B)(41) and 1678)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Restrict applicability of proposed law to applications for sales tax resale certificates and certain state procurement contracts which require the approval of the Office of State Procurement.
2. Add an exception to the confidentiality provisions of present law concerning the disclosure of certain taxpayer information by the secretary of the Dept. of Revenue to the chief procurement officer for purposes of proposed law.

3. Establish the procedure for the exchange of information between the chief procurement officer and the secretary of the Dept. of Revenue regarding proposed contractors and tax clearance certificates.
4. Provide that a tax clearance certificate shall not be required for purposes of bidding or solicitation of a procurement contract.
5. Authorize rulemaking.