

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 529** SLS 18RS 1876

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 11, 2018	10:42 AM	<b>Author:</b> APPEL
<b>Dept./Agy.:</b> TAX/SALES		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Direct Payment Numbers for Certain Nonprofit Subsidiaries		

TAX/SALES

EG NO IMPACT GF RV See Note

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Provides for direct payment of state and local sales tax due on purchases by certain nonprofit subsidiaries. (7/1/18)

Present law provides that purchasers may apply for Direct Pay (DP) numbers allowing them to remit sales and use taxes directly, instead of remitting them to their vendors, if they make purchases amounting to an average of \$5 million over a three year period. Private, nonprofit, tax-exempt organizations are included in this authorization.

Proposed law authorizes certain hospital or pharmacy entities that are subsidiary entities of a private, tax-exempt, nonprofit organization, and otherwise meet DP requirements, to obtain DP numbers from the Secretary of the LA Dept. of Revenue (LDR).

Effective July 1, 2018.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Proposed law would allow certain qualifying subsidiary hospital and pharmacy entities of private, tax-exempt, nonprofit organizations to obtain a DP number. Proposed law requires that in order to be eligible, the tax-exempt entity must have a primary mission of healthcare delivery and patient medical services or be licensed by the LA Dept. of Health or Board of Pharmacy, and make an annual average of \$10 million of taxable purchases or leases and taxable services.

Obtaining a DP number would change the entity that would accrue, report, and remit the taxes owed from the subsidiary entity's vendors to the subsidiary entity itself. Total tax liabilities, and presumably payments, are unaffected.

No material revenue impact is anticipated, as proposed law does not impact the taxes owed by any affected taxpayers.

Senate  
 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}

**Gregory V. Albrecht**  
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