

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 239** SLS 18RS 575

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE COMM AMD**

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2018	6:44 PM	Author: MORRELL
Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Reorganized Businesses: Registration/Resale Certificate		

REVENUE DEPARTMENT EG1 SEE FISC NOTE SG RV See Note Page 1 of 1
 Authorizes the Department of Revenue to refuse to issue a resale certificate to a new business if the business reorganization was intended to evade payment of sales and use or withholding tax. (gov sig)
Current law provides that a dealer who has quit a business, and subsequently opens another similar business under the same ownership, is liable for any tax, interest, or penalty owed by the original business. This liability applies regardless of whether the ownership type is individual, partnership, corporation, or other.

Proposed law provides that LA Dept. of Revenue (LDR) is authorized to refuse to register or issue, or may revoke a resale certificate to a business that has reorganized for the purpose of evading the payment of sales or withholding tax that has been collected but not remitted to LDR. Proposed law also imposes a penalty of \$5,000 on the owner of a business that reorganizes with the purpose of evading state sales or withholding tax.

Effective upon governor's signature.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

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

EXPENDITURE EXPLANATION

LDR reports that implementation of this proposal will incur programming, testing and system development costs, along with associated changes to LDR software and the web registration application, which will be absorbed the existing current budget allocation.

REVENUE EXPLANATION

Current law provides that a dealer who has quit a business, and subsequently opens another similar business under the same ownership, that dealer shall be liable for any tax, interest, or penalty owed by the original business.

Proposed law provides that LDR may refuse to register or issue, or may revoke a resale certificate to business that has reorganized for the purpose of evading sales or withholding tax, and imposes a penalty of \$5,000 in addition to any tax, interest, or penalty already owed. Proposed law will have an indeterminable impact on state tax collections.

A small increase in tax collections may result, to the extent this additional authority enhances compliance and enforcement beyond what current law already provides. Additionally, revenue from penalties may increase, although it is unclear to which businesses these penalties might apply.

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}

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