

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **SB 198** SLS 19RS 388  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** April 14, 2019 5:10 PM **Author:** PEACOCK  
**Dept./Agy.:** Board of Tax Appeals **Analyst:** Benjamin Vincent  
**Subject:** State/Local Tax: Administration, Enforcement, Adjudication

TAX/SALES EG SEE FISC NOTE GF RV See Note Page 1 of 1  
 Provides for administration, disposition, enforcement, and adjudication of state and local taxes and for the Board of Tax Appeals. (Governor's signature)

Proposed law increases the amount transferred to the BTA Local Tax Division, and obligates the Louisiana Sales and Use Tax Commission for Remote Sellers to fulfill the dedication if consumer use tax collections are insufficient. Proposed law allows BTA to enforce taxpayer obligations, including hearing summary proceedings pursued by the Secretary of Revenue, and cases rendering a money judgment against a taxpayer for failure to remit sales taxes collected. Proposed law adds overpayment pursuant to the Combat-Injured Veterans Tax Fairness Act of 2016 to the instances that trigger the suspension of prescription from audits and IRS examinations.

Proposed law allows the Local Sales Tax Division to decide the court of appeal for appeals between local tax collectors, allows the service of papers via registered mail, allows the chairman or local tax judge to request the issuing of a special officer's commission, and allows the Local Tax Division to deposit advance deposits for court costs and filing fees into BTA's escrow fund. Proposed law requires that the Local Tax Division Expense Fund is utilized exclusively for the Local Tax Division.

<b>EXPENDITURES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>REVENUES</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	\$0	<b>(\$10,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$5,000	\$5,000	\$5,000	\$5,000	\$0	<b>\$20,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	(\$2,500)	(\$2,500)	(\$2,500)	(\$2,500)	\$0	<b>(\$10,000)</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**

In addition to information system modifications, that the Dept. of Revenue estimates at \$26,000 of staff-time, the LFO notes that multiple provisions of proposed law expand BTA's jurisdiction. The BTA reports no administrative costs associated with the bill. However, to the extent that increased responsibility requires additional resources, fee revenue and general fund expenditures in support of BTA proceedings may increase.

**REVENUE EXPLANATION**

Present law provides for an interagency transfer of funds from local sales taxes collected under R.S. 47:302(K) to fund the BTA Local Tax Division (\$229,000 in FY18). Present law provides that the Louisiana Sales and Use Tax Commission for Remote Sellers is funded by a portion of state and local sales and use tax collected on remote sales.

Proposed law increases the amount to be transferred to the BTA annually by \$5,000 per year in FY20-FY23. This increase to the BTA is funded from revenue that would otherwise flow to the state general fund and to local governments; displayed as a 50/50 cost split in the table above.

Proposed law provides that if collections under R.S. 47:302(K) are insufficient to fulfill the Local Tax Division Expense Fund dedication, the Louisiana Sales and Use Tax Commission for Remote Sellers shall treat any unfunded portion as an expense of the Commission and fund the transfer via their collections of local sales and use tax. Additionally, proposed law provides that payment for the transfer may be made from state sales and use tax collections of the commission, implying a hierarchy of funding for the transfer that uses local funds first. To the extent that collections under 47:302(K) are insufficient, some combination of state general fund and local funds will presumably have to be diverted the the Local Tax Division Expense Fund. Revenue Dept. reports indicate that typical 302(K) collections are approximately \$20,000- \$30,000 per month.

The Combat-Injured Veterans Tax Fairness Act of 2016 provides that, due to improper reporting of disability severance income by the Department of Defense dating back to 1991, an unknown number of veterans residing in Louisiana will be eligible for refunds. Proposed law provides that a refund pursuant to this act will be an instance that triggers a two-year suspension of prescription. LDR does not have information on the number of taxpayers eligible, or on the distribution of the refund sizes. Suspending prescription due to an overpayment under these circumstances is anticipated to have a negative, but likely negligible impact on the general fund.

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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