

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 11** HLS 201ES 39
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Revenue/ OMV	Analyst: Benjamin Vincent
Subject: Vendors' Compensation	

TAX/SALES & USE EN -\$2,100,000 GF RV See Note Page 1 of 1
 Provides for the amount of compensation persons required to collect state sales and use tax may deduct for remitting taxes (Item #30)
Present law provides that dealers may retain 0.935% of sales and use taxes levied under R.S. 47:302, 47:321, 47:331, and 51:1286, not to exceed \$1,500 per month, provided the return is filed timely and payment is made timely.
Proposed law increases the amount that may be retained to 1.05% of the applicable taxes collected.
 Effective August 1, 2020.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
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	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	(\$2,100,000)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$2,300,000)	(\$11,300,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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 anticipates that the implementation of proposed law will incur programming, development, and testing costs of roughly \$103,000 of staff time to revise multiple forms for tax returns prior to the effective date.

REVENUE EXPLANATION

Proposed law would reduce the net amount remitted to the state under sales and use tax for general and motor vehicle sales, by increasing the amount that dealers are allowed to retain for timely filing and remittance.

Proposed law retains the \$1,500 monthly maximum amount allowed. Because the proportion of purchases made at vendors who are above the \$1,500 cap may change from year to year, the relationship between total sales tax collected and total vendor's compensation allowed may not be stable.

Under the assumption that the proportion of sales tax collections from dealers who operate below the \$1,500 cap remains roughly stable at its FY19 level, and that total sales tax collections are realized according to current adopted REC projections, proposed law would reduce total net remittances by approximately \$2.1 million in FY21 (Aug 1 effective date), and by approximately \$2.3 million annually in subsequent years.

The bulk of the impact that does occur would fall upon general fund collections, but a portion would reduce net revenues dedicated for state and local purposes such as the Tourism Promotion District, the LA Economic Development Fund, various hotel/motel room rental dedications etc.

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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