



**OFFICE OF LEGISLATIVE AUDITOR
Fiscal Note**

Fiscal Note On: **SB 95** SLS 22RS 294
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 1, 2022	3:15 PM	Author: ALLAIN
Dept./Agy.: Louisiana Uniform Local Sales Tax Board		Analyst: Steven Kraemer
Subject: Sales Tax Audits, Collections, and Board Funding		

TAX/LOCAL OR SEE FISC NOTE SG RV Page 1 of 2
 Creates the multi-parish audit program for local sales tax. (7/1/22)

Purpose of Bill: This bill requires the Louisiana Uniform Local Sales Tax Board (Board) to implement and coordinate a multi-parish audit program for local sales and use taxes that is provided for in current law. This bill provides provisions for the operation of the program, including requiring the Board to hire and compensate tax auditors and limiting local government's authority to audit taxpayers when opting out of a multi-parish audit.

In addition, this bill provides that the vehicle commissioner will not collect motor vehicle sales taxes for local taxing authorities if the taxing authorities' local sales tax collector fails to enter into an agreement with the Board to provide certain funding to the Board. Note: It appears that there are currently 5 local sales tax collectors, located in the parishes of Caddo, Calcasieu, Iberville, Orleans, and St. Charles, that do not have a funding agreement with the Board.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$6,500	\$0	\$0	\$0	\$0	\$6,500
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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

This bill may increase expenditures for the Louisiana Uniform Local Sales Tax Board (Board) by an indeterminable amount and the expenditures for Louisiana Department of Public Safety (DPS) by approximately \$6,500 in FY 2023. In addition, this bill may impact local government expenditures by an indeterminable amount.

Audit Expenditures

Board - Expenditures may increase as the Board implements and operates the multi-parish sales tax audit program in accordance with the bill. Information from the Board indicates that the cost of the multi-parish audit program is indeterminable. However, they are planning to conduct a pilot program in FY 2023 to determine costs of the program going forward.

Local government entities - Overall local government expenditures may decrease as fewer sales tax audits are conducted by local government and the Board starts paying for audits. However, the exact timing and amount of this decrease is currently indeterminable.

Sales Tax Collection Expenditures

DPS - Expenditures may increase by approximately \$6,500 in FY 2023 for programing related changes to properly account for local sales tax collectors that currently do not have a funding agreement with the Board. However, it appears that this bill will not impact other DPS collection expenditures.

Local government entities - Overall local government expenditures may increase by an indeterminable amount for parishes whose local sales tax collectors fail to enter into a funding agreement with the Board as the responsibility for collecting local motor vehicle sales taxes shifts from DPS to these local sales tax collectors.

REVENUE EXPLANATION

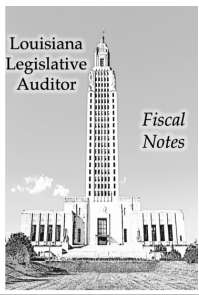
This bill may impact revenue for DPS, the Board, and local government entities by an indeterminable amount based on whether local collectors enter into a funding agreement with the Board.

CONTINUED EXPLANATION on page two

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}

Michael G. Battle
 Manager, Advisory Services



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CONTINUED EXPLANATION from page one:

This bill provides that DPS (through the Office of Motor Vehicles) will stop collecting local motor vehicle sales taxes in parishes in which the local sales tax collector does not enter into a funding agreement with the Board. It appears that there are currently 5 local sales tax collectors, located in the parishes of Caddo, Calcasieu, Iberville, Orleans, and St. Charles, that do not have a funding agreement with the Board. DPS currently collects the local motor vehicle sales taxes for these parishes, and retains 1% of the collections (or approximately \$1.1 million annually) as a collection fee. The exact impact of this bill is currently indeterminable. However, we present the following scenarios and related fiscal impacts for illustrative purposes:

Assuming that these local collectors do sign a funding agreement with the Board, the revenue impact is expected to be:
(1) DPS - No impact as DPS would continue to receive its 1% collection fee from tax collections for these parishes.
(2) Board - Increase by approximately \$327,000 annually as 0.3% of local motor vehicle sales taxes are received from these parishes.
(3) Local government in the 5 parishes - Overall decrease as 0.3% of motor vehicle sales taxes are given to the Board.

Assuming that these local collectors do not sign a funding agreement with the Board, the revenue impact is expected to be:
(1) DPS - Decrease by approximately \$1.1 million annually as it stops receiving its 1% collection fee for these parishes.
(2) Board - No impact as the Board does not currently receive funding from these parishes.
(3) Local government in the 5 parishes - Overall increase as DPS stops receiving the 1% collection fee.

Senate Dual Referral Rules
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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}

Signature of Michael G. Battle
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