

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 658** HLS 26RS 1224

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP HSE COMM AMD**

Sub. Bill For.:

Date: March 30, 2026 8:14 AM	Author: CARLSON
Dept./Agy.: Revenue	Analyst: Mimi Blanchard
Subject: Dept. of Revenue as a Centralized Sales Tax Collector	

TAX/SALES & USE OR +\$10,674,073 SG EX See Note Page 1 of 2
Provides for centralized collection of local sales and use taxes by the Dept. of Revenue

Proposed law requires that all sales and use taxes levied by local taxing authorities be collected by the secretary of the Department of Revenue (LDR) beginning in FY 29 and authorizes LDR to retain up to 0.5% of the total amount collected as compensation for providing collection services. Proposed law also requires local collectors to provide copies of local sales tax ordinances by, and notice of tax changes, to the secretary by February 1, 2027. Proposed law repeals certain provisions relating to parish collection commissions and other mechanisms for local collection of sales and use taxes, including funding mechanisms of such collections effective January 1, 2027. Proposed law requires all payments to LDR to be made electronically. **Effective January 1, 2027, contingent upon the passage of HB 620.**

Proposed law abolishes the Louisiana Uniform Local Sales Tax Board (ULSTB) and the Louisiana Sales and Use Tax Commission for Remote Sellers (RSC) and transfers authority of these entities to LDR beginning in FY 29. **Effective July 1, 2028, contingent upon the passage of HB 620.**

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	\$10,674,073	\$8,176,795	\$8,437,701	\$8,707,054	\$35,995,623
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	DECREASE	DECREASE	DECREASE	\$0

Annual Total

REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$41,943,264	\$43,349,277	\$44,865,409	\$130,157,950
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0

Annual Total

EXPENDITURE EXPLANATION

LDR initially reported that proposed law will result in an increase in expenditures of approximately \$10.7 M in FY 27 to develop, implement, and maintain the centralized collection system. ***Note: With the proposed amendment, the LFO assumes these costs may be realized beginning in FY 28.** This includes the addition of 73 positions (\$6.4 M in salary and related benefits) and \$4.25 M to the Office of Technology Services (OTS) for one-time development costs (\$3.5 M) and ongoing annual maintenance (\$750,000 for 6 months in FY 27, annualized to \$1.6 M in FY 28 and beyond) of the program. SGF is anticipated to be required in FY 27 (or FY 28) to the extent that current SGR budget authority does not cover these initial expenses, as the 0.5% retention would not go in effect until FY 29.

After implementation, assumed by the LFO to be in FY 29, LDR anticipates that additional SGR generated from the 0.5% retention of local sales and use tax collections will be sufficient to cover ongoing costs. Expenditures in these years will include annual market rate adjustments for personnel and continued OTS maintenance costs.

See continued expenditure explanation on page 2.

REVENUE EXPLANATION

Proposed law will result in an increase in SGR for LDR in FY 29 totaling 0.5% of local sales and use tax collections, authorized by the bill to be annually collected as compensation for providing collection services. For illustrative purposes, the Louisiana Association of Tax Administrators (LATA) reports that by applying a 1% annual growth rate to FY 25 sales tax collections for 62 parishes, revenues are estimated at \$29.5 M for FY 29, \$29.8 M for FY 30, and \$30.1 M for FY 31. LATA's calculation excludes Motor Vehicle Sales Tax, Remote Seller Commission Distributions, and Consumer Use Tax, as these are collected by the state. LDR reports that according to FY 23 local sales tax collections data from the Louisiana Legislative Auditor website, approximately \$4.8 B in collections for FY 23 would have resulted in approximately \$23.8 M SGR.

SGR for LDR will increase in FY 29 by 0.5% of local sales and use tax on motor vehicles. Applying a 3% growth rate to the ULSTB FY 26 budgeted revenues of \$1.7 M, revenues are forecasted to be approximately \$1.9 M in FY 29 and FY 30, and \$2 M in FY 31. Under current law, the ULSTB collects an agreed upon percentage of local sales and use tax on motor vehicles, not to exceed 0.3%, which is deducted by the Office of Motor Vehicles (OMV) as a cost of collection prior to distribution to local taxing authorities. LFO is unclear on whether OMV will continue to deduct this amount and remit to LDR under proposed law, or if LDR will be responsible for charging the fee.

LFO is additionally unclear on whether the fund balance of the ULSTB will be transferred to LDR, as the bill does not specify it's allocation upon the abolishment of the ULSTB. For illustrative purposes, the ending fund balance for FY 27 is forecasted to be \$7.5 M, which serves as the beginning fund balance for FY 28.

REVENUE EXPLANATION CONTINUED ON PAGE 2.

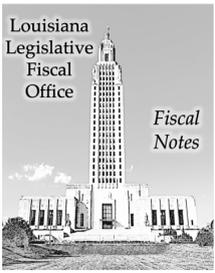
Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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}

Alan M. Boxberger

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CONTINUED EXPLANATION from page one:

CONTINUED EXPENDITURE EXPLANATION

***LFO assumes these expenditures will begin in FY 28 instead of FY 27 under the proposed amendments.**

Position (#)	FY 27	FY 28	FY 29	FY 30	FY 31
Revenue Processing Center					
Revenue Tax Analyst (15)	\$1,022,833	\$1,053,518	\$1,085,123	\$1,117,677	\$1,151,207
Administrative Supervisor (1)	\$75,776	\$78,050	\$80,391	\$82,803	\$85,287
Revenue Tax Specialist (2)	\$186,633	\$192,232	\$197,999	\$209,939	\$210,057
IT Equipment Operator (1)	\$63,794	\$65,708	\$67,679	\$69,710	\$71,801
Collection Division					
Tax Officer Supervisor (3)	\$384,560	\$396,097	\$407,980	\$420,220	\$432,826
Tax Officer (25)	\$2,144,998	\$2,209,348	\$2,275,628	\$2,343,897	\$2,414,214
Management Consultant (2)	\$215,105	\$221,558	\$228,205	\$235,051	\$242,103
Financial Services Division					
Accountant 2 (1)	\$101,533	\$104,579	\$107,717	\$110,948	\$114,277
Customer Services Division					
Revenue Tax Analyst (6)	\$409,133	\$421,407	\$434,049	\$447,071	\$460,483
External Reporting Division					
Research Analyst (2)	\$256,374	\$264,065	\$271,987	\$280,146	\$288,551
Revenue Management Consultant (2)	\$215,105	\$221,558	\$228,205	\$235,051	\$242,103
Graphic Artist (1)	\$78,716	\$81,007	\$83,510	\$86,015	\$88,595
Sales Division					
Revenue Tax Specialist (8)	\$746,533	\$768,929	\$791,997	\$815,757	\$840,230
Tax Policy and Planning Division					
Attorney 1 (4)	\$522,980	\$538,669	\$554,829	\$571,474	\$588,619
Office of Technology Services (no positions)					
Initial Development	\$3,500,000	\$0	\$0	\$0	\$0
Maintenance	\$750,000	\$1,560,000	\$1,622,400	\$1,687,296	\$1,754,788

LATA reports that their expenditures will remain unchanged, as the bill continues to require local enforcement and reporting of local sales and use tax collections. LFO believes that these requirements are removed from the proposed amendments, and local taxing authorities expenditures will decrease in FY 29 and beyond. ***Note: Funding for such expenditures as authorized by R.S. 47:337.13 and R.S. 47:337.14 are repealed in proposed law beginning January 1, 2027.**

Proposed law abolishes the Louisiana Uniform Local Sales Tax Board (ULSTB) and the Louisiana Sales and Use Tax Commission for Remote Sellers (RSC) and transfers authority of these entities to LDR beginning in FY 29.

ULSTB reports show a projected FY 27 beginning fund balance of \$6.9 M, with anticipated revenues of \$1.75 M and expenditures of \$1.14 M. The ULSTB is responsible for developing and adopting uniform policies, procedures, and forms for the administration and collection of local sales and use taxes, including audit standards and filing requirements. The board also provides centralized support functions, such as dispute resolution and multi-parish audit coordination, to ensure consistent application and enforcement of local sales tax laws across all taxing jurisdictions. LFO believes that LDR will be able to absorb these responsibilities within their requested staff and anticipated expenditures for the centralized collection unit in which they develop. Current law authorizes the ULSTB to collect an agreed upon percentage of local sales and use tax on motor vehicles, not to exceed 0.3%, which is deducted by the Office of Motor Vehicles as a cost of collection prior to distribution to local taxing authorities, however; under proposed law, LDR would collect 0.5% of these funds. LFO anticipates that LDR will have sufficient SGR from this retention rate to cover associated expenses; however, to the extent that additional funding is required, SGF would be needed.

RSC reports forecasted expenditures of \$5 M in FY 26. Applying a 10% annual growth rate to that value, RSC estimates expenditures of \$6.8 M in FY 29, \$7.5 M in FY 30, and \$8.3 M in FY 31. RSC is responsible for administering and collecting state and local sales and use taxes from remote sellers and marketplace facilitators that sell into Louisiana but do not have a physical presence in the state. LFO and RSC believe these responsibilities will represent new administrative functions for LDR, as neither LDR nor local taxing authorities currently perform centralized collection and enforcement activities for remote sellers and marketplace facilitators. The number of positions needed for LDR to perform these functions is unknown, however; RSC currently budgets 15 total positions to perform their duties. The portion of state sales tax collections from remote sellers will continue to be covered under LDR's existing authority to retain 1% of state sales tax collections in both current and proposed law; however, under current law, the RSC retains 1% of local collections for these entities as well, which would be reduced to 0.5% under proposed law. LFO anticipates that LDR will have sufficient SGR from these retention rates to cover associated expenses; however, to the extent that additional funding is required, SGF would be needed.

REVENUE EXPLANATION CONTINUED

SGR for LDR will increase in FY 29 by 1% of state sales tax collections and 0.5% of local sales tax from remote sellers and marketplace facilitators. Under current law, RSC collects 1% of both state and local sales tax collections from these entities. For illustrative purposes, collections based on the 1% for RSC under current law is forecasted at \$9 M in FY 26. RSC reports that using a 20% annual growth rate for FY 27 and FY 28 (the average growth rate of the last three FY), reducing it to a 10% annual growth rate in FY 29 and beyond, and applying the new rates to the state and local portions, revenue will be \$10.5 M in FY 29, \$11.6 M in FY 30, and \$12.8 M in FY 31.

Proposed law will result in a decrease in local revenues beginning January 1, 2027. Local taxing authorities are authorized to retain a portion of local sales tax revenues to fund expenditures associated with tax collection, administration, and enforcement as authorized by R.S. 47:337.13 and R.S. 47:337.14, which are repealed in proposed law. ***Note: LDR will not assume the responsibility (and thus expenditures) of local taxing authorities until July 1, 2028 (FY 29).**

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}

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