

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 653** HLS 13RS 714
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: May 13, 2013 6:20 PM	Author: ROBIDEAUX
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Vendor Compensation	

TAX/SALES & USE EG +\$17,000,000 GF RV See Note Page 1 of 1
 Changes the state sales and use tax rate and provides for the taxability of sale and services

The bill reduces the vendor compensation allowed sales tax dealers for accurate and timely remittance of state sales tax to 1% (from 1.1%) and caps the monthly dollar amount of the compensation at \$100. The bill also authorizes and directs the secretary of Revenue to employ all means available to ensure collection of consumer use taxes in an equitable, efficient, and effective manner.

Effective for taxable transactions occurring on and after July 1, 2013, upon passage of ten other pieces of legislation.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$17,000,000	\$17,000,000	\$17,000,000	\$17,000,000	\$17,000,000	\$85,000,000
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	\$17,000,000	\$17,000,000	\$17,000,000	\$17,000,000	\$17,000,000	\$85,000,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Based upon Department of Revenue FY12 summary statistics of sales tax remittances by various brackets of amount due the current vendor compensation at 1.1% was calculated. This was compared to a calculation under the proposed bill where the dollar amount of compensation was limited to \$100 if the average compensation exceeded \$100 per return. The total compensation under the bill's proposal was approximately \$17 million less than under current law. This amount would be reflected as an increase in state revenue since vendors would remit more of the sales tax paid by purchasers of goods and services rather than retain it.

The bill also authorizes and directs the secretary of Revenue to employ all means available to ensure collection of consumer use taxes in an equitable, efficient, and effective manner. Presumably, the Department already attempts to do this with respect to all taxes it is responsible for.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer