

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 826** HLS 15RS 1620

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 20, 2015	1:04 PM	Author: IVEY
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Sets fees for state collection of local sales tax		

TAX/SALES & USE

EG INCREASE SG RV See Note

Page 1 of 1

Establish the fee to be charged by the Department of Revenue for the collection and enforcement of collection of sales and use taxes of other taxing authorities

Current law authorizes the Department of Revenue to collect certain taxes for other taxing authorities and retain some portion of collections to offset expenses. The law is specific to certain taxes and organizations.

Proposed law authorizes the Department of Revenue to retain at least 1% of general sales tax collections (excluding motor vehicle sales tax) that the state collects on behalf of other taxing authorities pursuant to a contract with that taxing authority.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

According to the Department of Revenue, the state is currently under contract with the New Orleans Exhibition Hall Authority for tax collection (with a 1% fee), and is statutorily authorized to retain a fee for collection of the consumer use tax and the prepaid wireless telecommunications service charge.

This bill will allow LDR to retain a fee of at least 1% of remittances, penalties, fines or other charges from all contractual arrangements for collection of local sales tax. In the aggregate, local sales tax collections are roughly the same as that of the state; \$2.6B of state general sales tax in FY 14. If the state had contracted for all local sales tax of a similar magnitude, a 1% fee would calculate to \$26M, without consideration of penalties, fines or other charges. However, it is not expected that any particular amount of local sales tax will be collected by the state. To the extent the state collects sales tax on behalf of other taxing authorities, fee revenue for the Department of Revenue will increase due to this bill.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & 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} |

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