	LEGISLA	ATIVE FISCAL OFFICE Fiscal Note						
		Fiscal Note On: HB 1129 HLS 16RS 1481						
Eegislative	Bill Text Version: REENGROSSED							
FiscaleOffice		Opp. Chamb. Action:						
		Proposed Amd.: Sub. Bill For.:						
1215THENDIES								
Date: May 10, 2016	8:31 AM	Author: STOKES						
Dept./Agy.: Revenue								

Subject: Coordinated state and local audits for sales tax

TAX/SALES & USE

RE SEE FISC NOTE GF RV See Note

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Establishes a procedure for coordinated audits of certain dealers who collect state and local sales and use taxes in multiple parishes

Proposed law establishes the procedure by which a dealer may request a coordinated sales and use tax audit by the state and local taxing authorities with which the dealer is registered. The primary taxing authority is either the one whose notice generates a request by the dealer for a coordinated audit or holds the largest tax liability for the dealer. The primary taxing authority is responsible for organization of the audit. Other taxing authorities have the option to participate in the coordinated audit, though it appears the taxing authority with the largest liability for the dealer may be required to participate as a primary taxing authority even if the original request came from another authority, though the status is transferrable. The bill also states certain exceptions including that coordinated audits will not be available if any audit is related to a jeopardy assessment or dealer bankruptcy, the audit notice was issued prior to July 1, 2016 or the dealer does not waive the statute of limitations for the prescription of taxes, interest and penalties, regardless of whether prescription is at issue in the audit and without a time element. Effective July 1, 2016.

EXPENDITURES	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW					
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	SEE BELOW					
Annual Total						
REVENUES	2016-17	2017-18	2018-19	2019-20	<u>2020-21</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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The option for coordinated audits is available under current practice, though this bill specifies the procedure and certain exceptions.

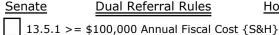
However, should coordinated audits be utilized more extensively, the expense of the lead agencies could increase. Committee testimony by at least one large local taxing authority suggests that offers to coordinate audits over the years have typically not been acted upon by dealers. It is not known whether the procedure set forth in this bill will result in more coordinated audits or whether all taxing authorities will choose to participate. To the extent that dealers elect to have coordinated audits and eliminate duplicative efforts, expenditures for state and/or local taxing authorities may be reduced over time.

The bill appears to mainly benefit the dealers in minimizing the efforts involved in audit compliance.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. To the extent participation exists, coordinated audits are not anticipated to identify a different amount of revenue than stand alone audits, assuming the same auditing methodology is used for both.

However, certain exceptions are mandatory in the bill if the dealer chooses a coordinated audit, including that coordinated audits will not be available for a jeopardy assessment or dealer bankruptcy, or the dealer does not waive the statute of limitations for the prescription of taxes, interest and penalties. These exceptions are not routinely applied in current practice if a coordinated audit is offered or requested.



Dual Referral Rules

13.5.2 >= \$500,000 Annual Tax or Fee

Change {S&H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

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6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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