

HOUSE SUMMARY OF SENATE AMENDMENTS**HB 772****2016 Regular Session****Abramson**

TAX/TAX REBATES: Provides relative to contracts for procurement processing company rebates

Synopsis of Senate Amendments

1. Authorize the secretary of the Dept. of Revenue to enter into a contract with a non-transactional event company to provide for the identification and tracking of absorbed sales taxes and to provide for a non-transactional event rebate.
2. Define "non-transactional event company" as a company that has agreed to absorb the state sales and use taxes and has entered into certain contracts with the state or hosts certain major annual sporting events.
3. Require the non-transactional event rebate contract to provide for the following:
 - a. A rebate of sales tax properly absorbed.
 - b. Set forth a mechanism to certify the absorbed sales tax that corresponds to a non-transactional event rebate.
 - c. A copy of the contract between the non-transactional event company and the state or political subdivision of the state.
4. Provide that the sales taxes absorbed by the non-transactional event company shall be considered as properly remitted sales tax and no additional transactions shall occur.
5. Prohibit any payments being made by the Dept. to the non-transactional event company pursuant to the non-transactional event rebate.
6. Require the secretary of the Dept. of Revenue to report twice yearly to the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs all rebates issued under existing contracts with procurement processing companies and provides for the required reporting information to be supplied by the secretary.
7. Prohibit any new contract with a procurement processing company for rebates to be executed after June 30, 2017.
8. Make technical changes to the effective dates contained in Act No. 126 of the 2015 R.S..
9. Provide an effective date for proposed law of upon signature of the governor.

Digest of Bill as Finally Passed by Senate

Present law authorizes the secretary of the Dept. of Economic Development (DED) to enter into a contract with a procurement processing company which recruits purchasing companies to La. for incentive rebate payments (hereinafter "rebates") in exchange for the generation of new state tax revenue from new taxable sales. Further requires the secretary of the Dept. of Revenue (DOR) to pay rebates from the state tax revenue generated by the new taxable sales occurring in La. as a result of the operation of a procurement processing company in La.

Proposed law requires the secretary of the Dept. of Revenue to report biannually to the

House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs all rebates issued under existing contracts with procurement processing companies. Further requires the following information to be included in the report:

- (1) The amount of the newly taxable sales for each purchasing company.
- (2) The state sales tax revenue associated with the newly taxable sales.
- (3) Any determinations that items included in the rebate payment do not constitute new taxable sales.
- (4) Contracts that are executed after the submission of the previous report.
- (5) Any other information requested by the committees.

Proposed law prohibits any new contract with a procurement processing company for rebates to be executed after June 30, 2017.

Proposed law authorizes the secretary of the Dept. of Revenue to enter into a contract with a non-transactional event company to provide for the identification and tracking of absorbed sales taxes and to provide for a non-transactional event rebate.

Proposed law defines "non-transactional event company" as a company that has agreed to absorb the state sales and use taxes and has done one of the following:

- (1) Entered into a contract with the state, or political subdivision of the state, that ensures reimbursement of sales taxes if an existing sales tax exemption is modified or if a new sales tax is levied.
- (2) Hosts an existing major annual sporting event from which the individual income tax of the nonresident athletes participating in the event is dedicated to the Sports Facility Assistance Fund.

Proposed law requires the non-transactional event rebate contract to provide for the following:

- (1) A rebate of sales tax properly absorbed.
- (2) Set forth a mechanism to certify the absorbed sales tax that corresponds to a non-transactional event rebate.
- (3) A copy of the contract between the non-transactional event company and the state or political subdivision of the state.

Proposed law provides that the sales taxes absorbed by the non-transactional event company shall be considered as properly remitted sales tax and no additional transactions shall occur. Further prohibit any payments being made by the Dept. to the non-transactional event company pursuant to the non-transactional event rebate.

Proposed law makes technical changes to the effective date of Act No. 126 of the 2015 R.S..

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:6351(B)(1) and Act No. 126 of the 2015 R.S.)