

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 307** HLS 17RS 892  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 1, 2017 9:20 AM	<b>Author:</b> LYONS
<b>Dept./Agy.:</b> REVENUE	<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Tax Clearance Requirement: Licenses, Permits, Contracts	

TAX RETURN OR +\$800,000 GF EX See Note Page 1 of 1

Requires a tax clearance from the LA Dept. of Revenue (LDR) for certain licenses, permits, tax resale certificates, and state contracts.

Current law provides for the requirement of a signed sales tax clearance from LDR for the issue or renewal of certain licenses or permits.

Proposed law requires a signed tax clearance from LDR prior to the issue by any agency of any professional license, permit, certification for granting any license, permit, certification, or tax resale certificate, and prior to the approval of any contract, subcontract, or request for proposal for any state contract. It also provides for certain exceptions to this requirement, including the license to practice law in Louisiana, and for emergency situations.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$800,000	\$600,000	\$600,000	\$600,000	\$600,000	<b>\$3,200,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$800,000</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$600,000</b>	<b>\$3,200,000</b>

  

<b>REVENUES</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

LA Dept. of Revenue (LDR) reports that the administration of the large volume of clearances that would be required by proposed law would impose material costs on the agency, particularly in the first year, due to new employees required. Currently, the Dept provides tax clearances for a limited set of circumstances, involving alcohol, tobacco, and gaming permits, as well as hunting/ fishing licenses, recreational boat sales, and suspended drivers' licenses. Some instances require final and nonappealable court determinations.

This bill extends the tax clearance requirement to virtually any activity that requires a license, permit, or certification issued by any state agency, board, commission or other group. For example the bill advance clearance of all applicants for a drivers license, and many occupations such as doctors, nurses, teachers, barbers, florists etc. The Dept of Health issues approximately 34,000 food safety certifications/permits per year, which would need tax clearance before being issued. Thus, substantial additional manpower resources would be needed by the Dept.

LDR estimates additional expenditures of \$800,000 in FY18 and \$600,000 in FY19-FY22, and 10 -20 additional positions, depending on average compensation. Proposed law provides that the signed clearance requirement becomes binding upon governor's signature, so part of the expenditure impact would take effect immediately, and increase FY17 expenditures by an unknown amount as well.

**REVENUE EXPLANATION**

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

Senate Dual Referral Rules  
 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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