

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



Fiscal Note On: **HB 601** HLS 17RS 1061

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.: **w/ PROP HSE FLOOR AMD**

Sub. Bill For.: **REVISED**

<b>Date:</b> May 19, 2017 10:23 AM	<b>Author:</b> STOKES
<b>Dept./Agy.:</b> LA Dept. of Revenue	<b>Analyst:</b> Zachary Rau
<b>Subject:</b> Creates Local Sales Tax and Remote Sellers Boards	

TAX/SALES-USE, LOCAL EG INCREASE OF EX See Note Page 1 of 1  
Establishes the Louisiana Uniform Local Sales Tax Board and the Louisiana Sales and Use Tax Commission for Remote Sellers

Present law provides that a single transaction shall only be taxed once and provides for a refund process if taxes collected are remitted to the wrong taxing jurisdiction. Proposed law creates an optional process for local tax disputes through the Board of Tax Appeals. Present constitution authorizes taxation of sales and use by local governmental entities and requires political subdivisions to have a single collector for each parish, as well as authorizes the legislature to establish a method of providing for a single collector in each parish. Proposed law creates the LA Uniform Local Sales Tax Board ("board") and enumerates its powers. Proposed law establishes the permanent and non-permanent members of the board and provides for its terms and the board's domicile. Proposed law provides for funding of the board through a percentage of local motor vehicle sales and use taxes. Proposed law authorizes transfers to the Board of Tax Appeals in the event collections through R.S. 47:302(K) are insufficient. Proposed law domiciles the board in E. Baton Rouge Parish.

<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.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>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	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will increase expenditures of funds derived from local motor vehicle sales and use tax (MVSUT) revenues (See Revenue Explanation) by an indeterminable amount not to exceed an estimated \$908,820 in FY 18, \$1.13 M in FY 19, and \$1.36 M in FY 20 and subsequent fiscal years. The proposed legislation creates the LA Uniform Local Sales Tax Board ("board").

Provisions of the proposed legislation place a cap on expenditures equal to the amount of MVSUT dedicated to the board for its operations in each fiscal year that is set by the following graduated schedule: .2% in FY 18, .25% in FY 19, and .3% in FY 20. Based upon a three-year average of \$454.41 M in gross local MVSUT collections (FYs 14-16), the board would have a maximum total expenditures of \$908,820 in FY 18, \$1.13 M in FY 19, and \$1.36 M in FY 20 and subsequent FYs. In the event the board's anticipated expenditures are less than its allowed revenues, it may only draw as much funding as it expects to expend. The proposed legislation creates the board, the makeup of the board, and enumerates the board's powers, including allowing for the hiring of employees to unclassified positions and domiciling the board in E. Baton Rouge Parish. The Legislative Fiscal Office assumes that expenses of the board will include personal services expenditures (salaries & related benefits), office space, equipment, supplies, per diem and mileage for board members to attend meetings, etc. The proposed legislation does not allow for board member salaries, but includes a provision for "reasonable expenses." In the event this is mileage and per diem, mileage would be reimbursed currently at \$0.53/mile and in-state per diem is approximately \$51 per day. In addition, discussions with the LA Board of Tax Appeals indicate that any additional hearings resulting from the optional process in the proposed legislation will be absorbed within their existing appropriation, as they do not anticipate a significant workload increase.

**REVENUE EXPLANATION**

Proposed law will decrease motor vehicle sales and use tax (MVSUT) receipts for local governmental entities by an indeterminable amount, as the proposed legislation dedicates .2% of local MVSUT collections in FY 18, .25% of collections in FY 19, and .3% of collections in FY 20 and in subsequent FYs to the new LA Uniform Local Sales Tax Board. The revenue decrease is indeterminable because total collections of MVSUT in a given year are uncertain, but based upon a three-year average local MVSUT collections (FYs 14-16) of approximately \$454.41 M, this would total \$908,820 (\$454.41 M \* .2%) in FY 18, \$1.13 M (\$454.41 M \* .25%) in FY 19, and \$1.36 M (\$454.41 M \* .3%) in FY 20. Because the total amount of local MVSUT receipts varies from year to year, revenue loss by local governments would vary as well. However, the proposed legislation includes provisions to adjust the dedicated revenue based upon the board's actual expenditures and requirements for the upcoming fiscal year, which may decrease revenues lost by local governments.

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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