

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



Fiscal Note On: **HB 17** HLS 182ES 59

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action: **w/ SEN COMM AMD**

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 3, 2018	11:54 AM	<b>Author:</b> FOIL
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Definition: Remote Dealer		

TAX/SALES & USE RE1 SEE FISC NOTE GF RV See Note Page 1 of 1  
Provides criteria for the definition of "dealer" for purposes of the sales tax imposed on transactions involving a remote seller (Item #26)

Present law defines "dealer" for purposes of state sales and use tax as a person who manufactures or produces tangible personal property for sale at retail, use or consumption or for storage to be used or consumed in a taxing jurisdiction.

Proposed law adds to the definition of "dealer" individuals or businesses not physically present in the state that sell over \$100,000 of goods or services into the state, engage in 200 or more separate transactions with Louisiana customers, or voluntarily register to collect and remit sales tax. Proposed law is contingent upon a United States Supreme Court decision in favor of South Dakota in *South Dakota v. Wayfair, Inc.*, and includes this ruling as a source of authority for the LA Sales and Use Tax Commission for Remote Sellers to require remote sellers to collect and remit sales taxes. Proposed law provides that dealers are required to collect and remit consumer use tax until the Commission for Remote Sellers is established. Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Act 274 of the 2017 Regular Session established the Louisiana State Sales and Use Tax Commission for Remote Sellers, contingent on federal law requiring remote sellers to remit sales tax. Proposed law implements this commission under the alternative of a Supreme Court decision favorable to South Dakota in *South Dakota v. Wayfair, Inc.*

As reported in the fiscal note for Act 274, LDR anticipates hiring four employees with an associated annual cost of some \$322,000. These expenditures would be funded by the commission retaining up to 1% of local and state sales taxes from remote sellers and would be a portion of new revenues that the state would collect due to the expanded population of dealers provided by proposed law, and contingent upon the requisite federal law changes or Supreme Court decision.

**REVENUE EXPLANATION**

Current law imposes a state tax of 5% and a local tax of 4% on remote dealers, and distributes the local tax to local taxing authorities based on parish population. LDR reports that dealers currently meeting and complying with this criteria typically remit approximately \$1 million per quarter.

Proposed law, contingent on a favorable United States Supreme Court ruling, would expand the population of dealers qualifying as remote dealers.

To the extent that dealers meet the expanded definition and comply with the requirements to collect and remit the tax, state and local sales tax revenues will increase, along with a 1% share retained by the Commission. Such dealers would be required to collect and remit the consumer use tax in R.S. 47:302(K) until the Sales and Use Tax Commission for Remote Sellers is established and provides requirements for remote dealers to collect and remit sales and use tax. Any particular estimate of the magnitude and timing of possible additional collections is speculative.

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}

**Gregory V. Albrecht**  
**Chief Economist**