

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 791** HLS 20RS 417

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 9, 2020	1:48 PM	Author: MAGEE
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Collection of Local Sales & Use Taxes		

TAX/SALES & USE (LOCAL) EG SEE FISC NOTE GF EX See Note Page 1 of 1
 Authorizes the Louisiana Sales and Use Tax Commission for Remote Sellers to remit local sales and use taxes to local collectors on behalf of certain dealers

Proposed law authorizes the Louisiana Sales and Use Tax Commission for Remote Sellers ("Commission") to remit local sales and use tax, owed by and on behalf of any dealer with a physical presence in the state, to local collectors. Repeals provisions in current law that require remittance of non-remote sales and use taxes to local collectors, and that prohibit the Commission from functioning as a centralized collection agency for local sales and use taxes. Additionally authorizes increasing the funding of the Commission via retention from current collections from non-remote sales of dealers who elect to utilize the Commission for the purpose of remitting for non-remote sales. Specifies that political subdivisions shall retain the exclusive right to conduct audits and administer local sales and use tax levies.

Effective upon adoption of the constitutional amendment proposed in HB 429, to be presented to statewide electors on November 3, 2020.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
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	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

As the proposed law authorizes any dealer to utilize the Commission for filing and remittance, the system requirements would effectively be the same as those for a system capable of centralized collection of local taxes.

Initial expenses to modify or set up the required system would be incurred prior to retention of the additional 0.5% of state and local sales and use tax collections, and thus would presumably be funded by expenditure of general fund or self-generated revenue funds. System establishment and maintenance prices would presumably be determined through a request for proposals (RFP) process from private vendors.

To the extent that dealers opt to file and remit via the Commission, local collectors would be relieved of the responsibility to collect local taxes, and associated expenditures would decrease. Local expenditures associated with audit effort would remain relatively stable to the extent that they elect to maintain current audit effort levels.

Given the necessity to adopt the constitutional amendment contained in HB 429, and the need to implement the collection and remittance system envisioned by the bill, FY22 or even FY23 are likely the earliest fiscal years of practical implementation. However, setup expenses would likely need to begin occurring before FY22.

REVENUE EXPLANATION

State self-generated revenues would presumably increase by an amount equal to the costs incurred for the administration of filings and remittances for taxpayers opting to utilize the Commission for these purposes. Proposed law increases the amount of total revenue that the Commission is not to exceed by one half of one percent (0.5%) of total collections of state and local sales and use taxes on non-remote sales, in addition to the one percent (1%) of total collections on remote sales already in current law.

Total local sales tax collections that could potentially flow through the Commission may amount to approximately \$4.0-\$4.8 billion per year. Administrative costs for these filings and remittances, in addition to system implementation costs, would presumably be offset by the retention of an amount materially less than 0.5% of collections on non-remote sales.

Local jurisdictions would lose fees charged or percentages retained of total collections that are associated with collections from dealers that opt to utilize the Commission for filing and remittance. The magnitude of these losses will vary across jurisdictions. Local jurisdictions would still retain audit responsibility, and thus retain any revenues collected or retained pursuant to those efforts. Taxes levied by each respective jurisdiction would be remitted by the Commission to those jurisdictions monthly.

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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