

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



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

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

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

Sub. Bill For.:

<b>Date:</b> May 22, 2020	10:50 AM	<b>Author:</b> MAGEE
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Collection of Local Sales & Use Taxes		

TAX/SALES & USE (LOCAL) EG INCREASE 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, inclusive of proposed amendment set #2458, requires the establishment of an information system administered by the Department of Revenue (LDR) that is capable of processing and sharing electronic taxpayer registration information with all tax collectors and the Commission for Remote Sellers, and is capable of electronic filing and remittance of state and local sales and use taxes. Proposed law requires taxpayers to file and remit local sales taxes electronically by January 1, 2022. Proposed law provides that the system shall not enable the filing of returns by remote sellers, or collect sales taxes on remote sales.

Effective upon governor's signature.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>						

  

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</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**

System requirements contemplated in proposed amendments would effectively be comparable to those for a system capable of centralized collection of local taxes. Required capabilities include interaction and information-sharing with multiple return and remittance portals. Proposed amendments require LDR to manage and maintain the system, which would incur ongoing expenses. LFO is not aware of existing systems with these capabilities available for LDR use. System establishment and maintenance prices would presumably be determined through a request for proposals (RFP) process from private vendors. Language in the proposed amendments subjects expenditures on the creation and operation of the system "to the extent permitted by appropriation and available funding". To the extent possible, LDR typically utilizes self-generated revenue. However, given the uncertainty of upfront and ongoing costs, general fund resources may be necessary.

Additionally, the amendment mandates a January 2022 deadline for electronic filing and remittance. This implies that expenditures for the establishment of the system would likely start being incurred in FY21, and successful implementation of the system prior to the deadline may require appropriation beyond the level of operations that is currently funded.

To the extent that the efforts of local tax collectors are streamlined by the system, expenditures associated with the collection of local taxes may decrease. Local expenditures associated with audit effort would remain relatively stable to the extent that they elect to maintain current local audit effort levels.

**REVENUE EXPLANATION**

Upon preliminary review of proposed amendments, LFO anticipates no direct material effect on state or local governmental revenues as a result of this measure, as it does not alter state or local tax bases, rates, or fees.

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