

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



Fiscal Note On: **HB 791** HLS 20RS 417  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 26, 2020	3:14 PM	<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) RE INCREASE GF EX See Note Page 1 of 1

Requires the establishment of a Department of Revenue information system capable of centralized collection of state and local sales and use taxes

Proposed law 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 the system to be functional and capable of receiving taxpayer registrations no later than January 1, 2021. Proposed law requires taxpayers to file and remit all state and 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>\$0</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 law 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 law mandates a January 2021 deadline for system availability to taxpayers and dealers, and a January 2022 deadline for electronic filing and remittance for all state and local sales and use tax returns. Proposed law requires LDR to manage and maintain the system, which would incur ongoing expenses.

System establishment and maintenance prices would presumably be ultimately determined through a request for proposals (RFP) process from private vendors. However, LDR has produced an estimate of upfront costs, based upon the assumption that the system is built using the Parish E-File system as a starting point, amounting to approximately \$1.4 mil. These upfront costs include development and testing of the registration system, development of the electronic portal for filing of returns, and outreach and assistance to taxpayers.

LDR notes that additional unknown costs may be incurred by the Department and by local authorities for reviewing and manually converting taxpayer registration information that is not currently required to be submitted to the Parish E-File system into a format that can be utilized for incorporation into the new system.

Language in proposed law subjects expenditures for the establishment 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.

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**

There is no anticipated direct material effect on governmental 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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