

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 561** HLS 20RS 896
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 2, 2020 8:51 AM	Author: DWIGHT
Dept./Agy.: Board of Tax Appeals	Analyst: Monique Appeaning
Subject: Administration, Enforcement & Adjudication of Taxes	

TAX/TAXATION EN SEE FISC NOTE LF RV See Note Page 1 of 1
 Provides for the administration, enforcement, and adjudication of state and local taxes and for the jurisdiction of the Board of Tax Appeals

Present law authorizes the collector to take a rule on a taxpayer to show cause in not less than 2 nor more than 10 days why the taxpayer should not be ordered to cease business pursuits for failure to pay sales and use taxes collected from others; authorizes the Board of Tax Appeals (BTA) or a court to render a money judgment against the taxpayer; limits the rule to amounts due as a result of final and non-appealable assessments or judgments; provides for the jurisdiction of the BTA for certain matters; and establishes appeal procedures and authority to file a motion for review. Proposed law extends authority for a rule on a taxpayer to show cause to apply to amounts shown to have been actually collected from others and not remitted to the collector; provides that certain factors shall be considered a waiver of the collector's right to proceed; extends jurisdiction of the BTA for additional matters; authorizes filing a petition or pleading with BTA for any matter within its jurisdiction; and provides for initiation of timelines regarding appeals. Proposed law amends and enacts parts of the law pertaining to failure to pay taxes, rules to cease business, filing of petitions and deadlines during declared disasters.

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

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

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Board of Tax Appeals (BTA) anticipates a small increase in caseloads due to the provision related to proposed law. BTA reports that proposed law generally provides for technical changes to clarify existing practices and that any increase in workload can be absorbed within existing budgetary and personnel resources.

REVENUE EXPLANATION

The Board of Tax Appeals reports that streamlining of procedures related to collecting on final assessments and collections from dealers who failed to remit taxes collected from others will result in a small, but indeterminable increase in local funds revenue collections.

Proposed law establishes that in the event of a presidential or gubernatorial declared disaster or emergency covering a local collector's jurisdiction, that collector may elect to extend filing or payment deadlines related to the taxes collected until the extended date for the same period specified for state sales and use taxes for the same period. Proposed law establishes that interest and penalties shall not accrue on the tax during the period of extension provided that the return and payment are received by the extended due date. Proposed law also establishes for waiver of penalty for delinquent filing or delinquent payment if a taxpayer establishes to the local collector that his failure to file or pay during the period of a presidential or gubernatorial declared disaster or emergency was due to the inaccessibility of funds to pay the tax, unavailability of records or personnel necessary to prepare and file the return, or other related good cause stemming from the extension of related state sales and use tax filing deadlines. To the degree that these provisions of proposed law are realized, local governing authorities may realize an indeterminable decrease in local funds revenue collections associated with delayed filings, interest or penalties where such revenues may have been collected in present law.

Any such revenue impact is unknown and indeterminable. The impact will be dependent upon multiple factors including: the occurrence and frequency of declared disasters or emergencies; actions taken by the local collector to extend filing or payment deadlines; the determination of the local collector that a taxpayer may be unable to pay due to inaccessibility of funds, resources to prepare and file a return, or other related good cause regarding filing deadlines.

Proposed law expands the definition of dealer for sale tax purposes to include companies that meet the provisions of the amendment's language. This does not levy or raise a sales tax. Instead, it requires companies that meet this new definition of dealer to collect and remit two taxes (state and local sales tax) and to remit two excise taxes (state and local automobile rental excise tax).

Although the bill would require companies to comply, transactions are already subject to these four taxes under present law. However, voluntary compliance with these taxes is low. This bill will require that companies comply with existing tax collection statutes.

The Louisiana Department of Revenue (LDR) expects any additional collections to be minimal. The bill ensures consistent application of tax between companies that operate out of state versus those who operate in state and comply with present law. The peer to peer vehicle sharing program is a new industry; popular in cities where fewer residents own vehicles. LDR expects only minimal tax collections beginning on January 1, 2021.

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}

Evan Brasseaux

Evan Brasseaux
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