

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



Fiscal Note On: **HB 199** HLS 21RS 739

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 13, 2021	8:53 AM	<b>Author:</b> SCHEXNAYDER
<b>Dept./Agy.:</b> LDR/Remote Sellers/Uniform Local Sales Tax Board		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Streamlined Sales & Use Tax Commission		

TAX/SALES & USE

OR SEE FISC NOTE SG EX See Note

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(Constitutional Amendment) Provides for the State and Local Streamlined Sales and Use Tax Commission

Proposed constitutional amendment authorizes creation of a State and Local Streamlined Sales and Use Tax Commission that would implement and oversee collection and administration of all state and local sales and use taxes. Provides for the authorities, responsibilities, and membership structure of the commission (four local representatives and four state level). Provides that commission activities are funded via state and local sales tax revenue collections, and that the commission will absorb the responsibilities of the Commission for Remote Sellers and the Uniform Local Sales Tax Board.

Proposed amendment assigns the Commission duties, including electronic filing and remittance for all taxing authorities, issuing sales and use tax administrative rules, serving as central audit authority for taxpayers without a physical presence in the state, and developing streamlined audit rules for taxpayers with a physical presence in the state. To be submitted to the electors at the statewide election to be held on November 8, 2022.

Fiscal note assumes effective date of January 1, 2023.

<b>EXPENDITURES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<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>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Agy. Self-Gen.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<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>	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

Expenditures associated with the newly formed commission shall be funded with state and local sales and use tax revenues collected and deemed to be reasonable and necessary costs associated with the administration and collection of sales and use taxes levied. Any potential legacy costs incurred by the Remote Sellers Commission or Uniform Local Sales Tax Board would be borne by the new Commission, such as ongoing contracts, leased equipment or software, or other miscellaneous costs. Some elements of auditing and compliance efforts may also shift depending on rules adopted by the Commission, and to that extent, associated Commission expenditures would further increase.

Operational expenditures of the Commission are reflected in the table above as funded via self-generated revenues, as the Commission is to be funded directly via collections of state and local sales and use taxes.

A streamlined system would relieve local political subdivisions of the responsibility to collect remittances within their jurisdictions, reducing associated local expenditures. However, impacts on local expenditures for compliance and auditing efforts would depend on the extent to which these current local responsibilities are altered by the Commission.

**REVENUE EXPLANATION**

The proposed amendment effectively authorizes a streamlined collection system that is directly funded by its state and local collections. Once the contemplated system is in effect, the Commission would see an increase in self-generated revenues, while local entities would see a reduction in fees that are associated with their collections efforts. The magnitude of these impacts will depend on the new allocation of responsibilities implemented by the Commission. State collections partially funding a streamlined process may also imply some diversion of resources from state collections to fund collection efforts of local funds.

A change in the entity to which dealers remit tax is not anticipated to generate any material consumer response.

Senate  
 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}

**Christopher A. Keaton**  
**Legislative Fiscal Officer**