

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 81** SLS 21RS 97

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 21, 2021	1:18 PM	Author: LUNEAU
Dept./Agy.: Revenue		Analyst: Patrice Thomas
Subject: New Form 1099-NEC Replacing Form 1099-MISC		

REVENUE DEPARTMENT

EG NO IMPACT GF EX See Note

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Establishes reporting requirements for businesses and governmental entities using service providers. (7/1/21)

Proposed law requires any business that is required to file a Form 1099-NEC (payments to independent contractors) to the IRS for services provided in this state to file a copy of the 1099-NEC with the Department of Revenue beginning January 1, 2022. Under proposed law, the deadline to file is on or before February 28th of each year for the preceding calendar year with the first annual report to be filed on or before February 28, 2022, for the calendar year 2021. Proposed law authorizes a 30-day extension or waiver for undue hardship. Proposed law authorizes the Department of Children and Family Services (DCFS) to obtain copies of Form 1099-NEC submitted to the Department of Revenue. Proposed law excludes sharing of Form 1099-NEC by the Department of Revenue with DCFS from tax record confidentiality. Proposed law is effective July 1, 2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$51,360	\$0	\$0	\$0	\$0	\$51,360
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$51,360	\$0	\$0	\$0	\$0	\$51,360

REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The Department of Revenue reports the implementation of this proposed law will result in approximately \$51,360 of programming and testing costs to redesign to current web application for electronic filing. Beginning 1/01/2022, for services provided in this state, the proposed law requires businesses that file a Form 1099-NEC with the IRS to file a copy of the return with the Department of Revenue. The proposed law requires the return to be filed before February 28th of each year and that the first report shall be filed on or before 2/28/2022 for the calendar year 2021. The proposed law allows the Department of Revenue to share copies of Form 1099-NEC with the Department of Children and Family Services (DCFS). Since existing law authorizes the sharing of information between both departments, the Legislative Fiscal Office does not anticipate any additional costs associated with sharing Form 1099-NEC information under this measure.

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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