

2022 Regular Session

SENATE BILL NO. 443

BY SENATOR ALLAIN

TAX/SALES. Provides for direct payment of state and local sales tax on purchases by certain taxpayers. (1/1/23)

1 AN ACT

2 To amend and reenact R.S. 47:303.1(C) and (G), to enact R.S. 47:303.1(B)(5), and to repeal
3 R.S. 47:303.1(D), relative to direct payment numbers; to authorize direct payment
4 numbers for contractors within the boundaries of an Economic Development District
5 with a state tax increment; to provide for uniform direct payment number procedures
6 and appeal rights for local tax collectors; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:303.1(C) and (G) are hereby amended and reenacted and R.S.
9 47:303.1(B)(5) is hereby enacted to read as follows:

10 §303.1. Direct Payment Numbers

11 * * *

12 B. * * *

13 **(5) A DP Number shall be issued to and shall continue to be held by a**
14 **taxpayer who obtains the required approvals and meets all of the qualifications**
15 **provided for in this Section except Subparagraphs (1)(a) and (1)(c) of this**
16 **Subsection and who has a registered business address within the boundaries of**
17 **an Economic Development District that has state sales tax incremental financing**

1 pursuant to R.S. 33:9038.34 and is a prime contractor for either commercial or
 2 residential construction within the boundaries of the same Economic
 3 Development District. This DP Number shall be used only for purchases of
 4 materials and supplies delivered into and used in the Economic Development
 5 District. The DP Number issued to the prime contractor shall not be transferred
 6 to its subcontractors to purchase materials and supplies.

7 * * *

8 C.(1) Upon application by a taxpayer to the department for a DP Number
 9 pursuant to Paragraph (B)(1) or (2) of this Section, the department shall notify by
 10 ~~certified mail the local agency or agencies charged with collection of the sales and~~
 11 ~~use tax imposed by the political subdivisions~~ **the local collector** in the parish or
 12 parishes in which the taxpayer has a manufacturing establishment or facility or is a
 13 taxpayer that meets the requirements of Paragraph (B)(2) of this Section. The
 14 department and the local ~~collection agency or agencies~~ **collector** shall review the
 15 application and ~~shall~~ **may** audit the taxpayer to determine that the taxpayer meets the
 16 qualifications provided in Subsection B of this Section, if the department or local
 17 ~~collection agency or agencies~~ **collector** consider ~~such~~ **an** audit necessary.

18 ~~D.(2)(a)~~ If the taxpayer applying for a DP Number pursuant to Paragraph
 19 (B)(1) or (2) of this Section meets the qualifications of Subsection B of this Section
 20 and obtains written approval from the local ~~agency or agencies charged with the~~
 21 ~~collection of sales and use tax imposed by the political subdivisions~~ **collector** in the
 22 parish or parishes in which the taxpayer has a manufacturing establishment or
 23 facility or is a taxpayer that meets the requirements of Paragraph (B)(2) of this
 24 Section; **within sixty days of transmission of the application to the local collector,**
 25 the department shall issue the DP Number to the taxpayer.

26 **(b)** If the taxpayer meets the qualifications of Subsection B of this Section
 27 but written approval is ~~denied or withheld by the local agency or agencies charged~~
 28 ~~with the collection of sales and use tax imposed by the political subdivisions~~ **not**
 29 **provided by the local collector within sixty days after the transmission of the**

1 **application to the local collector** in the parish or parishes in which the taxpayer has
 2 a manufacturing establishment or facility or is a private, nonprofit, tax-exempt
 3 organization, the department shall issue a DP Number to the taxpayer ~~that shall be~~
 4 ~~applicable only for the purposes of state sales and use tax.~~

5 **(c) If the taxpayer meets the qualifications of Subsection B of this Section**
 6 **but written approval is denied by the local collector within sixty days after the**
 7 **transmission of the application to the local collector in the parish or parishes in**
 8 **which the taxpayer has a manufacturing establishment or facility or is a private,**
 9 **nonprofit, tax-exempt organization that meets the requirements of Paragraph**
 10 **(B)(2) of this Section, the department shall issue a DP Number to the taxpayer**
 11 **that shall be applicable only for the purposes of state sales and use tax.**

12 **(3) If a local collector determines that a taxpayer no longer qualifies for**
 13 **a DP Number, the local collector shall notify the department and request an**
 14 **examination of the taxpayer for the limited purpose of determining continued**
 15 **eligibility for a DP Number. If, after examination, the department determines**
 16 **that the taxpayer no longer qualifies for a DP Number, the department shall**
 17 **revoke the DP Number and notify the local collector.**

18 * * *

19 G.**(1)** The taxpayer may appeal the ~~secretary's~~ denial or revocation of a DP
 20 Number to the Board of Tax Appeals.

21 **(2) A local collector may appeal the department's failure to revoke a**
 22 **taxpayer's DP Number pursuant to Paragraph (C)(3) of this Section.**

23 * * *

24 Section 2. R.S. 47:303.1(D) is hereby repealed.

25 Section 3. This Act shall become effective on January 1, 2023; if vetoed by the
 26 governor and subsequently approved by the legislature, this Act shall become effective on
 27 the day following such approval by the legislature or January 1, 2023, whichever is later.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

DIGEST

SB 443 Original 2022 Regular Session Allain

Present law authorizes qualified taxpayers to apply for direct pay (DP) numbers allowing the purchaser to make all purchases without remitting the sales and use tax to their vendors and allowing the purchaser to report and pay the tax due directly to the Department of Revenue and local tax collection authorities.

Proposed law adds contractors within the boundaries of an Economic Development District with a state tax increment to apply for a DP Number for purchases of materials and supplies delivered into and used in the Economic Development District.

Present law requires the Department of Revenue to notify local tax collectors when a taxpayer qualifies for a DP Number and authorizes the department and the impacted local collector to examine.

Proposed law provides a 60-day timeframe for local collectors to respond to the taxpayer's request for a DP Number and further provides that if the local collector does not respond to the request within 60 days that the department will issue a state and local DP Number.

Proposed law authorizes local collectors to notify the department when a taxpayer no longer qualifies for a DP Number, requires the department to investigate, and provides an appeal to the Board of Tax Appeals if the department does not revoke a DP Number when the taxpayer no longer qualifies.

Effective January 1, 2023.

(Amends R.S. 47:303.1(C) and (G); adds R.S. 47:303.1(B)(5); repeals R.S. 47:303.1(D))