

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 558** HLS 23RS 821

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 2, 2023	8:20 PM	Author: BEAULLIEU
Dept./Agy.: LDR/Uniform Local Sales Tax Board		Analyst: Deborah Vivien
Subject: State and local sales and use taxes		

REVENUE DEPARTMENT

RE SEE FISC NOTE GF EX See Note

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Provides for the collection and remittance of state and local sales and use taxes

Current law directs the Department of Revenue (LDR) to provide the capability of paying state and/or local sales tax through an electronic form available through a website (the Parish E-file system). Current law funds the Uniform Local Sales Tax Board with up to 0.3% of local sales tax on motor vehicle sales that is essentially donated for that purpose by participating locals.

Proposed law replaces LDR with the Uniform Local Sales Tax Board to provide the electronic filing of state and/or local sales tax. Proposed law indicates that the board will fund the long-term operation and maintenance of the site through current collections of local motor vehicle sales tax from locals with executed agreements. Proposed law authorizes the board to impose a fee on local collectors without executed agreements that will be its pro-rata share of costs by population. However, initiation costs also appear to be shared with the state in an unspecified manner for up to 24 months. Proposed law directs LDR to keep Parish E-file available until board certification of the new system, that must be no later than 1/1/26.

EXPENDITURES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2023-24	2024-25	2025-26	2026-27	2027-28	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

The bill transfers the design, implementation, maintenance and supervision of a more functional online tax collection system to replace the Parish E-file system, which electronically accepts state and local sales tax remittances, from LDR to the Uniform Local Sales Tax Board (the board). The cost of initializing the system is to be shared between the parishes and the state (unstipulated proportions), with the board authorized to establish a fee on local collectors without an agreement based on a pro-rate share by population. Fees not paid timely may be deducted from the Remote Seller Commission distributions of that collector. According to the board, expected annual initialization costs will range from \$500,000 - \$2 M in FY 24 and FY 25, and from \$250,000 - \$1.25 M in FY 26. The state will share in that cost through LDR self-generated fees, which would cause a like reduction to the LDR reversion to state general fund revenue. To the extent the state contributes to a significant portion of the initialization costs, the expenditures would be significant (assumed to occur in this fiscal note).

The state funds the existing Parish E-file system at \$570,000 per year, which appears to be available to continue funding Parish E-file until the new system becomes operational (latest date 1/1/26 per the bill). According to the bill, the state will only contribute to the replacement system for 24 months. The bill does not appear to mandate that LDR fund the new system if board fees are not sufficient to cover the costs. Presumably, these figures will be obtained through negotiation between the board and LDR. LDR is currently funded through self-generated revenue. If the recurring appropriation for Parish E-file is no longer necessary, SGR expenditures will decrease. If the existing appropriation is transferred from LDR to the board to fund maintenance costs of the new system, there is no further impact to state expenditures.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The bill does not change sales tax liabilities in any way but addresses the mechanism through which those taxes are paid.

LDR is currently funded through self-generated revenue. Revenue from certain fees and above a certain amount revert to the state general fund. If recurring expenses for Parish E-file are reduced or eliminated, SGF revenue may increase. If the Parish E-file funds are transferred by LDR to the board, there will be no change in state revenue.

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}

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