



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 558** HLS 23RS 821
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.:
 Sub. Bill For.: **REVISED**

Date: May 25, 2023	1:36 PM	Author: BEAULLIEU
Dept./Agy.: LDR/Uniform Local Sales Tax Board		Analyst: Deborah Vivien
Subject: State and local sales and use taxes		

REVENUE DEPARTMENT RE1 SEE FISC NOTE GF EX See Note Page 1 of 1
 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. Initial costs of the new system will be borne by the board and also be shared equally between the state and locals in an unknown amount, presumably greater than \$100,000 annually. The state cost for Parish E-file is capped at \$504,000 annually between 1/1/24 and 12/31/25 and any costs for the new system will be in addition to this amount. Proposed law directs LDR to keep Parish E-file available until board certification of the new system, no later than 1/1/26. Any enhancements requested during this time will be funded by the collectors requesting the enhancement.

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	INCREASE	INCREASE	INCREASE	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$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, 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 bill states that the board will fund the initial costs and that the state and locals will share equally in that cost. The obligated amounts of each are not clear and not specified in the bill. Any initial costs paid by the state will be in addition to costs related to Parish E-file through 12/31/25 and will presumably be appropriated through LDR self-generated fees in an unknown amount, presumably greater than \$100,000 annually. Parish E-file state costs are capped at \$504,000 annually between 1/1/24 and 12/31/25, which is roughly the amount currently budgeted, and which will continue to operate while the new system is being built. The new system is mandated to be operational by 1/1/26.

The state funds the existing Parish E-file system at \$570,000 per year. The base amount less enhancements cost \$504,000, which is the basis for the Parish E-file cost cap. The bill does not appear to have provisions in the event that board fees are not sufficient to cover the costs of the new system. Presumably, after 1/1/26, LDR will no longer have an obligation to fund Parish E-file or the new system.

LDR is currently funded through self-generated revenue. Revenue from certain fees and above a certain amount revert to the state general fund. As recurring expenses for Parish E-file are reduced or eliminated, SGF revenue will presumably increase.

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. As recurring expenses for Parish E-file are reduced or eliminated, SGF revenue will presumably increase.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

Alan M. Boxberger
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 Interim Legislative Fiscal Officer