



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 558** HLS 23RS 821
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | | |
|--|---------|--------------------------------|
| Date: June 7, 2023 | 2:47 PM | Author: BEAULLIEU |
| Dept./Agy.: LDR/Uniform Local Sales Tax Board | | |
| Subject: State and local sales and use taxes | | Analyst: Deborah Vivien |

REVENUE DEPARTMENT EN 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. 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 | SEE BELOW | SEE BELOW | SEE BELOW | \$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 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | | | | \$0 |

| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | SEE BELOW | SEE BELOW | SEE BELOW | \$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 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | | | | \$0 |

EXPENDITURE EXPLANATION

The bill transfers the design, implementation, maintenance and supervision of a more functional online tax collection system to replace or enhance 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 the responsibility of the board, which is authorized to establish a fee on local collectors without an agreement based on a pro-rata share by population. Fees not paid timely may be deducted from the Remote Seller Commission distributions of that collector.

The bill states that the board will fund the initial costs. Any costs paid by the state will be related to operation of the Parish E-file system through 12/31/25. Expenses are capped at \$504,000 annually between 1/1/24 and 12/31/25, which is currently included in the base budget of LDR. While LDR will continue to operate Parish E-file while the new system is being built, the new system is mandated to be operational by the board 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, except transactional fees if state taxes are collected through the new system.

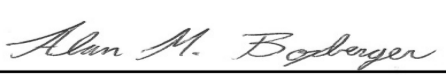
LDR is currently funded through self-generated revenue. Revenue from certain fees and above a certain amount revert to the state general fund. As LDR recurring expenses for Parish E-file are reduced or eliminated, SGF revenue will presumably increase.

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.

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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
 Interim Legislative Fiscal Officer