

2015 Regular Session

HOUSE BILL NO. 471

BY REPRESENTATIVE STOKES

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/SALES & USE: Establishes the Sales Tax Streamlining and Modernization Commission to perform a comprehensive study of Louisiana's state and local sales and use tax systems

1 AN ACT

2 To enact R.S. 47:301.2, relative to sales and use taxes; to establish the Sales Tax
3 Streamlining and Modernization Commission; to provide for membership; to provide
4 for duties of the commission; to provide for the various policies to be considered by
5 the commission; to provide with respect to commission meetings; to require certain
6 reporting; to provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:301.2 is hereby enacted to read as follows:

9 §301.2. Sales Tax Streamlining and Modernization Commission

10 A. Purpose. The legislature hereby recognizes that:

11 (1) The sales and use taxes on tangible personal property, services, rentals,
12 and leases hereinafter referred to as "sales tax", represent one of Louisiana's two
13 major revenue sources, representing an average of forty percent of state general fund
14 receipts.

15 (2) The sales tax is the main source of revenue for most of Louisiana's local
16 governments.

17 (3) There exist significant structural issues impacting the state and local sales
18 taxes, which include legislative actions that adversely impact the tax base, a distinct

1 shift away from a goods-based to a services-based economy, and an increasing shift
2 from "brick and mortar" retail transactions to e-commerce purchases.

3 (4) The combined average sales tax rate of 8.9% for Louisiana was the third
4 highest in the nation as reported by the Tax Foundation in 2014.

5 (5) The legislature further recognizes that it is good public policy to
6 contemplate modernization of the sales tax structure to reflect the 21st century
7 economy as a way to aid in stabilizing the sales tax as a revenue source for the state
8 and its local governments.

9 B. Sales Tax Streamlining and Modernization Commission. For these
10 reasons, the Sales Tax Streamlining and Modernization Commission, hereinafter
11 referred to as "commission", is hereby established to perform a comprehensive study
12 of Louisiana's state and local sales tax systems, and to make recommendations to the
13 legislature regarding revision of practices, administrative procedure, statutory law,
14 and Louisiana Constitution, all for the purpose of streamlining and modernizing this
15 vital revenue source for the state and its local governments. The recommendations
16 shall encompass an overall goal of ensuring both revenue stability and taxpayer
17 equity through the adoption of proven contemporary tax policies. The policies shall
18 be based on the concept of a low tax rate with a broad base to be administered fairly
19 and efficiently.

20 C. Members. The commission shall consist of the following nineteen
21 members, who shall serve without compensation except for their reasonable and
22 necessary expenses related to the performance of their duties as members of the
23 commission, and then only in such amounts as is provided by law for state
24 employees and officials, or per diem or expense reimbursement to which they may
25 be individually entitled as members of their constituent organizations:

26 (1) The speaker of the House of Representatives or his designee.

27 (2) The president of the Senate or his designee.

28 (3) The chairman of the House Committee on Ways and Means or his
29 designee.

1 (4) The chairman of the Senate Committee on Revenue and Fiscal Affairs
2 or his designee.

3 (5) A member appointed by the Police Jury Association of Louisiana.

4 (6) A member appointed by the Louisiana Municipal Association.

5 (7) A member appointed by the Louisiana School Boards Association.

6 (8) A member appointed by the Louisiana Association of Tax
7 Administrators.

8 (9) A member appointed by the Louisiana Sheriffs Association.

9 (10) A member appointed by the Louisiana Multiparish Tax Commission.

10 (11) A member appointed by the Louisiana Association of Business and
11 Industry.

12 (12) A member appointed by the Louisiana Retailers Association.

13 (13) A member appointed by the Louisiana Automobile Dealers Association.

14 (14) A member appointed by the National Federation of Independent
15 Business.

16 (15) A member appointed by Louisiana Industrial Development Executives
17 Association.

18 (16) A member appointed by Society of Louisiana Certified Public
19 Accountants.

20 (17) A member appointed by the Public Affairs Research Council of
21 Louisiana.

22 (18) A member appointed by The Tax Foundation.

23 (19) The secretary of the Department of Revenue or his designee.

24 D. Meetings. (1) The commission shall conduct monthly meetings and may
25 consider testimony from witnesses and documents produced for purposes of the
26 commission. The first meeting shall be held no later than July 31, 2015. A majority
27 of the commission members shall constitute a quorum. Meetings of the commission
28 shall be held at the state capitol and be open to the public, pursuant to the provisions
29 of R.S. 42:12 et seq.

1 (2) The commission shall elect a chairman at its first meeting by a majority
2 vote of a quorum of the members present and voting. The chairman shall prepare the
3 schedules and agendas for meetings, and shall coordinate the staff support deemed
4 necessary for the function of the commission. The following organizations shall
5 assist the commission with staff support as may be required:

6 (a) Louisiana Department of Revenue.

7 (b) Staff of the House of Representatives, Senate, Legislative Fiscal Office,
8 and Legislative Auditor's Office.

9 (3) The commission, by majority vote of members present and voting, may
10 establish subcommittees and provide for guidelines and timetables for their reports
11 to the commission.

12 E. Studies. The duty of the commission shall be to perform a comprehensive
13 study of the following issues relating to Louisiana's state and local sales tax systems
14 and to develop specific recommendations for legislative consideration relative
15 thereto:

16 (1) A study of how Louisiana state and local sales tax policy affects the
17 economy of our state, and how changes in such policy may better position Louisiana
18 for the future in terms of equity and economic competitiveness.

19 (2) A study of the state and local government sales tax bases and rates and,
20 to the degree practicable, how those compare with that of other states with similar
21 demographics and economies. This shall include examination of the concept of
22 broadening the tax base to allow for lower rates and a more equitable system. Given
23 the global shift of economic activity from goods-based to services-based
24 consumption, such study shall specifically include consideration of the taxation of
25 services as a way to strengthen the base and also to help offset the otherwise
26 regressive nature of a sales tax structure where few services are taxed. Further, this
27 study shall include consideration of the impact of tax rates on the deleterious effects
28 of the migration of economic consumption from land-based to the internet, not only
29 on state and local revenue stability, but also on the economic competitiveness and

1 survival of Louisiana's retail businesses, which local businesses are critical to the
2 vitality of the cultural and community life in this state.

3 (3) A study of all special tax treatment against sales tax, inclusive of credits,
4 deductions, discounts, exclusions, exemptions, and rebates. This shall include, to the
5 degree practicable, a comparison to that of other states with similar populations and
6 economies.

7 (4) A study of state and local government sales tax collection and audit
8 procedures and, to the degree practicable, a comparison to that of other states which
9 are considered at a national level to have an efficient, contemporary administrative
10 and procedural scheme.

11 F. Reports and Recommendations. The commission shall review any
12 reports of the research groups and subcommittees, and after having conducted its
13 comprehensive review, shall prepare a report of its recommendations for any revision
14 of current practices, administrative procedure, statutory law, and Louisiana
15 constitution. A recommendation concerning the collection or administration of local
16 sales and use taxes shall require approval of three-quarters of the members of the
17 commission. The commission's interim report shall be submitted to the governor,
18 the president of the Senate, and the speaker of the House of Representatives no later
19 than January 15, 2016. The final report shall be prepared as determined by the
20 commission.

21 G. Sunset. The commission shall terminate on June 30, 2017.

22 Section 2. This Act shall become effective upon signature by the governor or, if not
23 signed by the governor, upon expiration of the time for bills to become law without signature
24 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
25 vetoed by the governor and subsequently approved by the legislature, this Act shall become
26 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 471 Reengrossed

2015 Regular Session

Stokes

Abstract: Establishes the Sales Tax Streamlining and Modernization Commission to perform a comprehensive study of Louisiana's state and local sales and use tax systems.

Proposed law establishes the Sales Tax Streamlining and Modernization Commission, hereinafter referred to as "commission", to perform a comprehensive study of La.'s state and local sales tax systems, and to make recommendations to the legislature regarding revision of practices, administrative procedure, statutory law, and La. constitution.

Proposed law requires that the recommendations of the commission contemplate an overall goal of ensuring both revenue stability and taxpayer equity through the adoption of proven contemporary tax policies which are based on the concept of a low tax rate with a broad base to be administered fairly and efficiently.

Proposed law provides for a 19 member commission, consisting of the following:

- (1) The speaker of the House of Representatives or his designee.
- (2) The president of the Senate or his designee.
- (3) The chairman of the House Committee on Ways and Means or his designee.
- (4) The chairman of the Senate Committee on Revenue and Fiscal Affairs or his designee.
- (5) A member appointed by the Police Jury Association of Louisiana.
- (6) A member appointed by the Louisiana Municipal Association.
- (7) A member appointed by the Louisiana School Boards Association.
- (8) A member appointed by the Louisiana Association of Tax Administrators.
- (9) A member appointed by the Louisiana Sheriffs Association.
- (10) A member appointed by the Louisiana Multiparish Tax Commission.
- (11) A member appointed by the Louisiana Association of Business and Industry.
- (12) A member appointed by the Louisiana Retailers Association.
- (13) A member appointed by the Louisiana Automobile Dealers Association.
- (14) A member appointed by the National Federation of Independent Business.
- (15) A member appointed by Louisiana Industrial Development Executives Association.
- (16) A member appointed by Society of Louisiana Certified Public Accountants.
- (17) A member appointed by the Public Affairs Research Council of Louisiana.

(18) A member appointed by The Tax Foundation.

(19) The secretary of the Department of Revenue or his designee.

Proposed law provides that commission members shall serve without compensation except for their expenses related to the performance of their duties as members of the commission, and then only as authorized by law for state employees and officials, or per diem or expense reimbursement to which they may be individually entitled as members of their constituent organizations.

Proposed law requires that the commission meet monthly and hold its first meeting no later than July 31, 2015. A majority of the commission members shall constitute a quorum, and commission meetings shall be held at the state capitol and be public meetings pursuant to La. open meetings law.

Proposed law requires that the commission elect a chairman at its first meeting, and provides that the chairman shall prepare the schedules and agendas for meetings, and coordinate the staff support for the commission. The commission may obtain staff support from the following organizations:

- (1) La. Department of Revenue.
- (2) Staff of the House of Representatives, Senate, Legislative Fiscal Office, and Legislative Auditor's Office.

Proposed law authorizes the establishment of subcommittees.

Proposed law requires the commission to study the following:

- (1) State and local government sales tax bases and rates.
- (2) All special tax treatment against sales tax, inclusive of credits, deductions, discounts, exclusions, exemptions, and rebates.
- (3) State and local government sales tax collection and audit procedures.

Proposed law requires that after it has completed its studies, the commission shall prepare a report of its recommendations for any revision of current practices, administrative procedure, statutory law, and La. constitution. A recommendation which concerns the collection or administration of local sales and use taxes shall require 3/4ths vote of all members of the commission. The commission's interim report shall be submitted to the governor, the president of the Senate, and the speaker of the House of Representatives no later than Jan. 15, 2016. The final report shall be prepared as determined by the commission.

Proposed law provides that the commission shall terminate on June 30, 2017.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:301.2)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Add a requirement that, for purposes of the commission's report of its recommendations, a recommendation which concerns the collection or administration of local sales and use taxes shall require 3/4ths vote of all members of the commission.

2. Deletes requirement that the commission consider the issue of centralized tax collection.

The House Floor Amendments to the engrossed bill:

1. Change the composition of the commission.
2. Add provision regarding per diem or expense reimbursement entitled to members by their constituent organizations.
3. Technical amendments.