

2016 Regular Session

HOUSE BILL NO. 96

BY REPRESENTATIVE PUGH

TAX/SALES & USE: Provide for the collection of sales and use taxes due on sales made in Louisiana by a remote dealer

1 AN ACT

2 To amend and reenact R.S. 47:302(K)(5) and (7)(a) and (U) and to enact R.S. 47:302(V),  
3 relative to sales and use tax; to provide with respect to the collection and remittance  
4 of sales and use tax; to provide for the definition of dealer; to provide a method for  
5 reporting and remitting taxes by certain dealers; to provide for applicability; to  
6 provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:302(K)(5) and (7)(a) and (U) are hereby amended and reenacted  
9 and R.S. 47:302(V) is hereby enacted to read as follows:

10 §302. Imposition of tax

11 \* \* \*

12 K. An additional tax shall be levied as follows:

13 \* \* \*

14 (5) The tax levied under this Subsection shall be levied and collected only  
15 from vendors who qualify as a "dealer" in this state solely by virtue of engaging in  
16 regular or systematic solicitation of a consumer market in this state by the  
17 distribution of catalogs, periodicals, advertising fliers, or other advertising, or by  
18 means of print, radio, or television media, including but not limited to television  
19 shopping channels, by mail, telegraphy, telephone, computer database, cable, optic,  
20 microwave, or other communication system. A vendor who qualifies as a dealer in

1 this state as provided in R.S. 47:301(4) is prohibited from collecting the tax imposed  
2 under this Subsection in lieu of collecting the sales and use tax imposed by a political  
3 subdivision of this state which tax is remitted directly to the political subdivision.

4 \* \* \*

5 (7)(a) ~~Pursuant to an appropriation by the legislature~~ From the current  
6 collections of the tax collected under this Subsection, the secretary shall make the  
7 following distributions:

8 (i) The secretary shall annually provide for an interagency transfer in the  
9 amount of one hundred and thirty-two thousand dollars to the Department of State  
10 Civil Service, Board of Tax Appeals, to be expended exclusively for the purposes of  
11 its Local Tax Division, and thereafter distribute the proceeds of the tax.

12 (ii) All monies remaining after satisfaction of the requirements of Item (i)  
13 of this Subparagraph shall be distributed quarterly to the central local sales and use  
14 tax collector or, if none, the parish governing authority according to population. The  
15 central local sales and use tax collector or the parish governing authority shall at no  
16 charge distribute the tax proceeds received from the secretary to each political  
17 subdivision within the parish which levies a sales and use tax or receives a portion  
18 of the proceeds of a parishwide sales and use tax levy, in accordance with each such  
19 political subdivision's pro rata share of local sales and use tax receipts collected on  
20 all other transactions subject to local sales and use taxes during the most recent state  
21 fiscal year for which data is available within thirty days of receipt of the proceeds.

22 \* \* \*

23 U. Collection of consumer use tax. It is the duty of the secretary of the  
24 Department of Revenue to collect all taxes imposed pursuant to this Chapter and  
25 Chapters 2-A and 2-B of this Subtitle which may be due upon the sale by a remote  
26 ~~seller~~ dealer of tangible personal property or services in Louisiana. The secretary is  
27 authorized and directed to employ all means available to ensure the collection of the  
28 tax in an equitable, efficient, and effective manner.

1           V.(1) In addition to the definition of "dealer" as provided in R.S. 47:301(4)  
2           for purposes of the consumer use tax, the term "dealer" includes every person who  
3           manufactures or produces tangible personal property for sale at retail, for use or  
4           consumption, or distribution, or for storage to be used or consumed in a taxing  
5           jurisdiction. "Dealer" is further defined to mean:

6           (a) Any person engaging in business in the taxing jurisdiction which shall  
7           mean the solicitation of business through an independent contractor or any other  
8           representative pursuant to an agreement with a Louisiana resident or business under  
9           which the resident or business, for a commission, referral fee, or other consideration  
10          of any kind, directly or indirectly refers potential customers, whether by link on an  
11          internet website, an in-person oral presentation, telemarketing, or otherwise to the  
12          seller. If the cumulative gross receipts from sales of tangible personal property to  
13          customers in this state who are referred to the person through such an agreement  
14          exceeds fifty thousand dollars during the preceding twelve months, the presumption  
15          regarding the status of that person as a dealer may be rebutted if the person can  
16          demonstrate, to the satisfaction of the secretary, that he cannot reasonably be  
17          expected to have gross receipts in excess of fifty thousand dollars for the succeeding  
18          twelve months.

19          (b) Any person selling tangible personal property or services, the use of  
20          which is taxed pursuant to this Chapter, who:

21          (i) Sells the same or a substantially similar line of products as a Louisiana  
22          retailer under the same or substantially similar business name, using the same  
23          trademarks, service marks, or trade names that are the same or substantially similar  
24          to those used by the Louisiana retailer.

25          (ii) Solicits business and develops and maintains a market in Louisiana  
26          through an agent, salesman, independent contractor, solicitor, or other representative  
27          pursuant to an agreement with a Louisiana resident or business, hereinafter referred  
28          to collectively as an "affiliated agent", under which the affiliated agent, for a  
29          commission, referral fee, or other consideration of any kind engages in activities in

1 this state that inure to the benefit of the person in the person's development or  
2 maintenance of a market for its goods or services in the state, to the extent that those  
3 activities of the affiliated agent are sufficient to satisfy the nexus requirement of the  
4 United States Constitution. For purposes of this Subparagraph, such activities of the  
5 affiliated agent shall include referral of potential customers to the person, either  
6 directly or indirectly, whether by link on an internet website or otherwise.

7 (c) In addition to those persons established as dealers according to  
8 Subparagraph (b) of this Paragraph, the provisions of this Subsection shall be  
9 presumed by a taxing authority to apply to any person who holds a substantial  
10 ownership interest, directly or through a subsidiary, in a retailer maintaining sales  
11 locations in Louisiana, or to any person who is owned in whole or in substantial part  
12 by a retailer maintaining sales locations in Louisiana, or by a parent or subsidiary  
13 thereof. For purposes of this Paragraph, "substantial ownership interest" means  
14 affiliated persons with respect to each other where one of such persons has an  
15 ownership interest of more than five percent, whether direct or indirect, in the other,  
16 or where an ownership interest of more than five percent, whether direct or indirect,  
17 is held in each of such persons by another person or by a group of other persons  
18 which are affiliated persons with respect to each other.

19 (2) A dealer, as defined in and for the purposes of this Subsection, shall file  
20 all applicable sales and use tax returns and remittances through the electronic filing  
21 options available for such purposes. Further, such dealer shall specifically collect  
22 the tax authorized by R.S. 47:302(K)(5).

23 (3) The provisions of this Subsection holding that certain business activities  
24 conducted by certain persons establishes the person as a dealer for the purposes of  
25 sales and use tax levied by the state shall not be used in the determination of whether  
26 such persons are liable for the payment of income and franchise taxes levied by the  
27 state.

28 Section 2. The provisions of this Act shall apply to tax periods beginning on and  
29 after April 1, 2016. If the United States Congress enacts legislation authorizing states to

1 require a remote seller to collect sales taxes on taxable transactions, such legislation shall  
2 preempt the provisions of R.S. 47:302(V) and the Department of Revenue shall have the  
3 authority to promulgate, after consultation with the sales tax commission created by R.S.  
4 47:301(K)(6), regulations under the Louisiana Administrative Procedure Act to carry out the  
5 provisions of the federal legislation. The Department of Revenue shall begin to promulgate  
6 such rules within ninety days of the effective date of the federal legislation.

7 Section 3. This Act shall become effective upon signature by the governor or, if not  
8 signed by the governor, upon expiration of the time for bills to become law without signature  
9 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
10 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
11 effective on the day following such approval.

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#### 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)]

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HB 96 Original

2016 Regular Session

Pugh

**Abstract:** For purposes of collection of the additional 4% state sales and use tax by a remote dealer, expands the definition of "dealer" to include persons who have certain substantial relationships and similarities with La. retailers, engage in business using certain agreements with a La. resident, or who engage in business in La. through the use of certain affiliated agents.

Present law levies an additional 4% state sales and use tax to be collected only by a person who qualifies as a dealer in La. solely by virtue of engaging in regular or systematic solicitation of a consumer market in La. by the distribution of catalogs, and other print media, radio, television, and other electronic and digital media.

Present law provides various definitions of "dealer" with respect to sales and use tax law and defines "engaging in business in a taxing jurisdiction".

Proposed law retains present law and expands the definition of dealer for purposes of the collection of the additional 4% state sales and use tax to include the following activities and attributes:

- (1) The solicitation of business through an independent contractor or any other representative pursuant to an agreement with a La. resident under which the resident, for consideration of any kind, directly or indirectly, refers potential customers to the seller. For purposes of qualification as a "dealer" through an agreement with a La. resident to maintain a business in La., the presumption that a person is a dealer, is rebuttable if the person can demonstrate that he cannot reasonably be expected to have gross receipts in excess of \$50,000 in the following 12 months.

- (2) Sale of the same or a substantially similar line of products as a La. retailer under the same or substantially similar business name.
- (3) Holding a substantial ownership interest, directly or through a subsidiary, in a retailer maintaining sales locations in La. or who is owned in whole or in substantial part by a retailer maintaining sales locations in La.
- (4) Solicitation of business or maintenance of a market in La. through an agent or other representative (affiliated agent), through an agreement with the dealer.

Proposed law prohibits a La. retailer from collecting the additional 4% state sales and use tax in lieu of the sales and use tax levied by a political subdivision and remitted to the political subdivision.

Proposed law requires persons who meet the definition of a dealer under proposed law to electronically file tax returns and remittances to the state and local taxing authorities.

Proposed law prohibits the determination that certain business activities establishes a person as a dealer for purposes of sales and use tax from being used in a determination of whether the person is liable for the payment of state income or franchise taxes.

Present law requires the secretary of the Dept. of Revenue to annually distribute the avails of the tax to parish governing authorities based on population, which monies are then distributed to the local taxing authorities in the respective parish.

Proposed law retains present law, but changes the frequency of distributions by the secretary to the parishes from annually to quarterly.

Proposed law provides that if the U.S. Congress enacts legislation authorizing states to require a remote seller to collect sales and use taxes on taxable transactions, the federal law shall preempt the provisions of proposed law. Further, directs the secretary of the Dept. of Revenue to promulgate rules to carry out the provisions of the federal law within 90 days of its effectiveness. However, the Dept. of Revenue, for purposes of the promulgation of the rules, shall consult with the sales and use tax commission established under present law for purposes of the distribution of the proceeds of the additional 4% state sales and use tax to the parishes.

Applicable to tax periods beginning on and after April 1, 2016.

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

(Amends R.S. 47:302(K)(5) and (7)(a) and (U); Adds R.S. 47:302(V))