

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 426** HLS 16RS 268

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 24, 2016 5:29 PM	<b>Author:</b> BROADWATER
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Direct Payment Number for payment of sales tax	

TAX RETURN OR NO IMPACT GF RV See Note Page 1 of 1  
Establishes qualifications for the issuance of a Direct Payment Number for purposes of payment of sales and use taxes

Current law allows certain taxpayers to obtain a direct pay number and remit sales tax directly to the Department of Revenue. Requirements are that the primary business in the state be manufacturing of tangible personal property for resale, timely reporting and payment of state and local taxes owed, annual average of \$5M in taxable purchases or leases for 3 calendar years before and after applying and maintain adequate procedures, practices, records and reports.

Proposed law retains current law but changes the qualifications for receiving a Direct Payment Number to any taxpayer with the primary business in the state and \$800,000 in annual taxable purchases or leases for 3 calendar years before and after applying.

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The agency will incur some costs to issue certificates and other administrative duties which will be absorbed in the current budget. The department estimates that about 500 additional taxpayers will apply for a Direct Payment Number, assuming the historical experience of 71% of eligible taxpayers actually apply, and purchases remain similar to previous levels. However, restricting eligibility to taxpayers with their primary business in the state could limit this figure.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure as tax liabilities are not altered. The department estimates that about 500 taxpayers will apply for a Direct Payment Number, assuming the historical experience of 71% of eligible taxpayers actually apply. However, restricting eligibility to taxpayers with their primary business in the state could limit this figure.

Senate Dual Referral Rules House

- |   |  |
|---|--|
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       | <input 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} |

**Gregory V. Albrecht**  
**Chief Economist**