

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 11, 2016	3:50 PM	Author: BROADWATER
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Direct Payment Number for payment of sales tax		

TAX RETURN

EG NO IMPACT GF RV See Note

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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 and use 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 a business in the state and \$800,000 in annual taxable purchases or leases for 2 calendar years before and after applying.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$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	\$0	\$0	\$0

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 more than 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.

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 more than 500 taxpayers will apply for a Direct Payment Number, assuming the historical experience of 71% of eligible taxpayers actually apply.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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