

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 405** SLS 10RS 884

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action: **w/ HSE FLOOR AMD**

Proposed Amd.:

Sub. Bill For.:

Date: June 16, 2010	8:16 PM	Author: MARIONNEAUX
Dept./Agy.: Revenue		Analyst: Deborah Vivien
Subject: Synchronize state and IRS electronic filing requirements		

REVENUE DEPARTMENT

EGF SEE FISC NOTE GF EX

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Authorizes the Secretary of the Department of Revenue to require electronic filing of certain returns when electronic filing of a similar return or report is required by the Internal Revenue Service. (gov siq)

Current law allows the Department of Revenue (LDR) to require electronic filing of returns or reports if the taxpayer is required to pay electronically, for severance tax of oil and gas, individual income tax returns by a tax preparer (60% of returns currently increasing to 90% of returns due on or after January 1, 2012), if the report is required for a dedicated fund distribution or if the return is a composite return filed by a professional team. The electronic filing requirement is imposed at the discretion of the Secretary. Proposed law retains current law and allows LDR to require electronic filing of tax forms if the same or a similar form is required electronically from the Internal Revenue Service for the same tax period. Proposed law also authorizes the secretary to enter into a reciprocal agreement with the federal government to provide offsets of outstanding debt from monies due to vendors, contractors and taxpayers. Proposed law also provides expanded criteria for the issuance of a direct payment number for sales and use taxes. Effective upon governor's signature.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Revenue indicates that only those returns or reports already offering an electronic filing option and meeting the requirements of this bill will be required to file electronically, eliminating the need for additional resources to alter the current system. The federal reciprocal offset authorization is permissive and expands an existing program. Currently, manufacturers of tangible personal property in the state producing for resale and in good standing with the state and local taxes due, including reporting requirements, and with average taxable purchases or leases of \$5 million in the three years before and after application may be issued a direct payment number. The direct payment number allows the entity to pay sales and use taxes directly to the taxing authority instead of paying through the vendor. The direct payment number provision in this bill allows entities that have a cooperative endeavor agreement with the state to qualify for a direct payment number if they meet all current requirements for receiving the number except an annual average of \$5 million in taxable purchases or leases three years before and after application. The provision involving the issuance and implementation of a direct payment number for sales tax for approved cooperative endeavor agreement recipients likely affects only a small number of potential participants and can be absorbed into the current budget of LDR.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of electronic filing or direct payments. It is anticipated that taxpayers will remit essentially the same amounts owed, regardless of manual filing, electronic filing, or vendor collection. Taxpayers are also expected to comply with the electronic filing requirements and avoid penalties associated with noncompliance. Should the secretary exercise the authorization to participate in the expanded federal offset, general fund revenue could increase, but an estimate of any potential revenue gain would be speculative.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost
 13.5.2 >= \$500,000 Annual Tax or Fee Change

House
 6.8(F) >= \$100,000 Annual SGF Cost
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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