

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 653** HLS 13RS 714
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 7, 2013 3:41 PM	Author: ROBIDEAUX
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Vendor Compensation	

TAX/SALES & USE EN +\$4,300,000 GF RV See Note Page 1 of 1
 Changes the state sales and use tax rate and provides for the taxability of sale and services

The bill reduces the vendor compensation allowed sales tax dealers for accurate and timely remittance of state sales tax to 0.935% (from 1.1%). The bill also changes the calculation of dedications to two economic development special funds from 37% of the vendor compensation amount, to 4/10 of 1% of all sales tax collected (under Chapters 2, 2-A, and 2-B) . Of the this dedicated total, the Marketing Fund receives \$2 million, and the LA Economic Development Fund receives the balance.

The bill also authorizes and directs the secretary of Revenue to employ all means available to ensure collection of consumer use taxes in an equitable, efficient, and effective manner.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	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	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$21,500,000
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	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$4,300,000	\$21,500,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Based upon Department of Revenue FY12 summary statistics of sales tax remittances by various brackets of amount due, the current vendor compensation at 1.1% is approximately \$28.9 million. This compares to a calculation under the proposed bill, generating a compensation amount of \$24.6 million. The difference, some \$4.3 million would be reflected as an increase in state revenue since vendors would remit more of the sales tax paid by purchasers of goods and services rather than retain it.

The bill changes the calculation of dedications to two economic development special funds from 37% of the vendor compensation amount, to 4/10 of 1% of all sales tax collected (under Chapters 2, 2-A, and 2-B). These two calculations generate roughly the same amount of dedication, and the change is necessary to hold the dedicated funds harmless as the vendor compensation rate is reduced.

The bill also authorizes and directs the secretary of Revenue to employ all means available to ensure collection of consumer use taxes in an equitable, efficient, and effective manner. Presumably, the Department already attempts to do this with respect to all taxes it is responsible for.

- | | | |
|---|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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} | |

John D. Carpenter
Legislative Fiscal Officer