

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 12** HLS 182ES 39

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 28, 2018	2:23 PM	Author: LEGER
Dept./Agy.: REVENUE		Analyst: Benjamin Vincent
Subject: Definition: Remote Dealer		

TAX/SALES & USE EG SEE FISC NOTE GF RV See Note Page 1 of 1
Provides criteria for the definition of "dealer" for purposes of the sales tax imposed on transactions involving a remote seller (Item #26)

Present law requires those individuals and businesses defined as "dealers" to collect and remit the catalog tax provided by RS. 47:302(K) from Louisiana customers.

Proposed law adds to the definition of "dealer" within R.S. 47:301 those individuals or businesses not physically present in the state, but that sell over \$100,000 of goods or services into the state, engage in 200 or more separate transactions with Louisiana customers, or voluntarily register to collect and remit the catalog tax. Proposed law is contingent upon a United States Supreme Court decision in favor of South Dakota in *South Dakota v. Wayfair, Inc.*

Effective upon governor's signature.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW					
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						

REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	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	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

Proposed law establishes the Louisiana Sales and Use Tax Commission for Remote Sellers within the Department of Revenue (LDR), to require remote sellers and their designated agents to collect from customers and remit sales and use taxes on remote sales. To the extent that this effort increases administrative costs, LDR expenditures via SGF and/or SGR may increase. Further information on the potential costs have been requested but were unavailable at the release of this fiscal note.

Additionally, LDR reports that the tax collected by remote dealers is presently administered as an external tax in the tax software system. A potential expansion of use tax collections due to proposed law may require this tax to be automated into the LDR system. The cost due to this potential requirement is not expected to be significant.

REVENUE EXPLANATION

Current law imposes a state tax of 5% and a local tax of 4% on remote dealers, and distributes the local tax to local taxing authorities based on parish population. LDR reports that dealers currently meeting and complying with this criteria typically remit approximately \$1 million per quarter.

Proposed law, contingent on a favorable United States Supreme Court ruling, would expand the population of dealers qualifying as remote dealers. To the extent that dealers meet the expanded definition and comply with the requirements to collect and remit the tax, state and local use tax revenues will increase. Any particular estimate of the magnitude and timing of possible additional collections is speculative.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter
Legislative Fiscal Officer