

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 562** HLS 21RS 1004

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 16, 2021	10:04 AM	Author: BOURRIAQUE
Dept./Agy.: Uniform Local Sales Tax Board/Tax Appeals/Remote Sellers		Analyst: Benjamin Vincent
Subject: BTA Funding, ULSTB Membership & Duties		

TAX APPEALS/BOARD EN SEE FISC NOTE GF RV See Note Page 1 of 1
Provides relative to the Louisiana Uniform Local Sales Tax Board and the Louisiana Sales and Use Tax Commission for Remote Sellers

Proposed law relaxes provisions providing for the process and timelines for appointing members and leadership of the Uniform Local Sales Tax Board (ULSTB), and requires ULSTB to update its strategic plan every five years. Proposed law appears to require assent from local collectors for amounts within the existing limit of 0.3% of local motor vehicle sales and use tax collections to be disbursed to ULSTB. Proposed law alters the responsibility hierarchy for funding an annually-increasing BTA dedication in the event of insufficient local use tax collections, and increases the annual increase from \$5,000 to \$12,000. ULSTB currently bears initial responsibility and the Sales and Use Tax Commission for Remote Sellers (LSUTCRS) bears secondary responsibility, and proposed law would put LSUTCRS as primary and ULSTB secondary. Proposed law removes certain provisions in existing law regarding the duties and authorities of the Louisiana Law Institute. Proposed law authorizes payment of certain judgments under \$100,000 to be paid from current collections within 45 days of the end of the fiscal year, subject to the annual maximum of \$2 million for such payments. Effective August 1, 2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	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	\$7,000	\$14,000	\$21,000	\$28,000	\$35,000	\$105,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>(\$7,000)</u>	<u>(\$14,000)</u>	<u>(\$21,000)</u>	<u>(\$28,000)</u>	<u>(\$35,000)</u>	(\$105,000)
Annual Total						

EXPENDITURE EXPLANATION

No material expenditure requirement is anticipated due to proposed law.

REVENUE EXPLANATION

Proposed law authorizes additional types of judgment payment awards, still subject to the existing annual maximum of \$2 million. Payments as authorized by proposed law are made out of current collections, and would manifest as reduced revenues during the measurement of accrual impacts at the end of each fiscal year. To the extent that total judgments being awarded out of current collections are under the annual maximum, and to the extent that this provision results in additional payments for judgments, this provision would serve to increase the likelihood that the maximum potential annual revenue reduction of \$2 million is realized. LFO does not obtained information on the volume of awards under this provision at the time of this analysis.

Current law transfers a portion of collections under R.S. 47:302(K) that increases by \$5,000 annually to the Board of Tax Appeals (BTA), Local Tax Division. Collections under this provision would otherwise accrue to political subdivisions. Proposed law accelerates the annual increase of this transfer from \$5,000 to \$12,000, which will serve to increase BTA revenues by \$7,000 in the first year, then by \$14,000 in the second year, \$21,000 in the third year, and so on, relative to current law. This distribution is reflected in the table above as an increase in Dedications/Other, and a matching reduction in local revenues.

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}

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