
DIGEST

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CONFERENCE COMMITTEE REPORT DIGEST

HB 404

2025 Regular Session

Willard

Keyword and oneliner of the instrument as it left the House

REVENUE DEPARTMENT: Provides relative to various tax administration functions of the Department of Revenue

Report adopts Senate amendments to:

1. Delete proposed law prohibiting interest on refunds of sales and use tax overpayments by taxpayers with direct payment numbers. Provides instead that interest on overpayment amounts shall not begin to accrue until after the expiration of a certain period.
2. Provide standards for sourcing of abstracts of title created by a person having a place of business in La.
3. Prohibit refunds of, and accrual of interest on, any overpayments based on a tax shelter, tax sham, tax evasion scheme, or similarly illegitimate transaction.
4. Restore present law requiring certain content be included in the tax exemption budget prepared by the Dept. of Revenue (DOR).
5. Restore present law requiring each state agency that administers tax credits and rebates to report certain information on these incentives to the legislature.
6. Restore present law requiring reporting of sales-related information to DOR by certain alcoholic beverage wholesalers.

Report rejects Senate amendments which would have:

1. Revised citations.

Report amends the bill to:

1. Provide standards for tax treatment of capital construction funds and related items of income,

gain, deduction, loss, credit, adjustment, and basis.

2. Delete proposed law revising requirements for content of the tax exemption budget.
3. Restore present law requiring the House Committee on Ways and Means and the Senate Committee on Revenue and Fiscal Affairs to conduct hearings on the tax exemption budget every odd-numbered year.
4. Make technical changes.

Digest of the bill as proposed by the Conference Committee

Present law establishes the Dept. of Revenue, referred to hereafter as the "department", as the collector of revenue for this state. Requires the department to collect and enforce collection of all taxes, penalties, interest, and other charges due pursuant to present law relative to revenue and taxation.

Proposed law revises various provisions of present law pertaining to administration by the department of various types of taxes, functions of the office of debt recovery within the department, and reporting on tax exemptions and incentives.

Proposed law stipulates that for state income tax purposes, capital construction funds, created in accordance with federal law, and all related items of income, gain, deduction, loss, credit, adjustment, and basis shall be taxed in the same manner as those items are taxed pursuant to applicable provisions of the Internal Revenue Code (26 U.S.C. 7518) and federal regulations.

With respect to administration of alcoholic beverage taxes, proposed law repeals a requirement that out-of-state alcoholic beverage shippers mail their notices of shipments into La. and instead allows the secretary of the department to prescribe the method of reporting.

With respect to income tax administration, proposed law repeals an authorization for the department to institute a no-return option. Also repeals an authorization for the department to pay refunds by means of a debit card.

Proposed law prohibits refunds of, and accrual of interest on, any overpayments based on a tax shelter, tax sham, tax evasion scheme, or any transaction which lacks a legitimate business purpose or otherwise fails the economic substance doctrine as determined by a final decision of a court.

With respect to sales and use tax administration, proposed law prohibits accrual of interest on refunds of sales and use tax overpayments by taxpayers holding direct payment numbers until after the expiration of a certain period provided in proposed law.

Proposed law establishes a definition of "drop shipment sale" and rules for sourcing of such sales. Provides for sourcing of abstracts of title created by a person having a place of business in La.

Proposed law repeals a special interest rate applicable to certain severance tax overpayments, thereby causing the general refund interest rate to apply to those overpayments.

Present law establishes the office of debt recovery within the department. Establishes among the office's powers and duties the authority to recover delinquent tax debt from taxpayers' winnings from certain forms of gaming. Proposed law retains present law and extends this authority to winnings from sports wagering.

Proposed law repeals outdated references and expired provisions of present law.

Applicability and Effectiveness

Proposed law provides that rules relative to sourcing of drop shipment sales and abstracts of title shall be given prospective and retroactive application.

Proposed law relative to tax treatment of capital construction funds becomes effective Jan. 1, 2026.

The following provisions of proposed law become effective July 1, 2025: Accrual of interest on refunding of certain sales and use tax overpayments to taxpayers with direct payment numbers; repeal of the special interest rate applicable to certain severance tax overpayments.

The remainder of proposed law becomes effective upon signature of the governor.

(Amends R.S. 26:364(C) and R.S. 47:301.4(B)(1), 1621(D)(1), 1624(A)(1), and 1676(C)(4), (D)(4)(a)(i) and (ii), (b), and (c), (E), and (F)(1); Adds R.S. 47:31(6), 301.4(C)(4) and (5), 303.1(D), and 1621(K); Repeals R.S. 47:296.1 and 1624(A)(2))