
DIGEST

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HB 1039 Original

2026 Regular Session

Deshotel

Abstract: Extends certain protections against targeted audits, arbitrary assessments, and coercive waivers in local sales and use tax administration.

Present law requires that a local sales and use tax collector, prior to initiating an examination or audit of a taxpayer, provide notice of the intent to audit to the taxpayer that contains a description of the nature of the audit, identifies the name, office, address, and phone number of the firm or individual who will initiate the audit, advises the taxpayer of the right to review, summarizes remedies available to the taxpayer, describes interest, penalties, and costs that the taxpayer may be liable for, and advises the taxpayer that he may request a multi-parish audit.

Proposed law retains present law and adds a requirement that the collector advise the taxpayer that the execution of a waiver of the prescriptive period is voluntary and may not be conditioned on the issuance of a notice of tax due or a notice of assessment.

Proposed law requires that a collector select taxpayers for audit through random selection. However, a collector may still initiate a targeted examination or audit if there is a reasonable basis to believe that the dealer failed to collect, accrue, report, or remit sales and use taxes.

Proposed law requires a collector to obtain a majority vote of the joint sales and use tax commission or central collection commission prior to the issuance of a notice of the intent to audit. Requires that a collector obtain a majority of the governing board of the tax collector prior to the issuance of a notice of the intent to audit if a taxing authority is not governed by a joint sales and use tax commission or central collection commission.

Proposed law requires a collector to provide to the dealer a written request identifying all books, records, papers, vouchers, accounts, and documents sought for examination. Further requires that the collector provide to the dealer 30 days to produce the requested records.

Present law defines an arbitrary assessment as an assessment which does not comply with certain provisions of the Uniform Local Sales Tax Code.

Proposed law retains present law and adds that an arbitrary assessment also includes an assessment that, after a taxpayer agrees to a decision by a court or the Board of Tax Appeals or by a final judgement of a court upon an appeal of a Board of Tax Appeals decision, is grossly disproportionate to the original assessment, defined as a difference of 10% between the original assessment and the final assessment or a difference of \$10,000, whichever is greater.

Present law provides for circumstances under which the prescriptive period against any action to collect sales and use tax may be interrupted, including but not limited to a written agreement between the taxpayer and the collector.

Proposed law retains present law but prohibits a collector from making a waiver of the prescriptive period a condition of concluding an audit or examination.

Present law prohibits interest accrued on unpaid taxes from being waived or remitted. Proposed law creates an exception for a taxpayer who executes a waiver of prescription, with no interest accruing from the date of execution of the waiver until the date of its expiration as stated in the waiver agreement.

Present law imposes a penalty equal to 5% of the tax owed for each 31-day period, up to five 31-day periods, against any taxpayer who fails to make and file a return before the return becomes delinquent or fails to timely remit the total amount of tax due. Further provides that a taxpayer who has paid the amount due under protest or has entered into an installment agreement is not subject to the penalty.

Proposed law retains present law and additionally exempts a taxpayer who has executed a waiver of prescription at the request of the collector from accruing further penalties for delinquent filing or delinquent payment.

(Amends R.S. 47:337.26(D)(1)(intro. para.), 337.28.1(A), 337.69(A), and 337.70(C)(3); Adds R.S. 47:337.26(D)(1)(g), 337.26.1, 337.28(E), and 337.67(E) and (F))