## SLS 18RS-1876

## ORIGINAL

2018 Regular Session

SENATE BILL NO. 529

BY SENATOR APPEL

TAX/SALES. Provides for direct payment of state and local sales tax due on purchases by certain nonprofit subsidiaries. (7/1/18)

1	AN ACT
2	To amend and reenact R.S. 47:303.1(B)(2), (C), (D), (F), and (G), relative to direct payment
3	numbers; to authorize certain nonprofit subsidiaries to obtain direct payment
4	numbers for state and local sales and use tax; to provide for an effective date; and to
5	provide for related matters.
6	Be it enacted by the Legislature of Louisiana:
7	Section 1. R.S. 47:303.1(B)(2), (C), (D), (F), and (G) are hereby amended and
8	reenacted to read as follows:
9	§303.1. Direct Payment Numbers
10	* * *
11	B. * * *
12	* * *
13	(2)(a) A DP Number shall be issued to and shall be continued to be held by
14	a taxpayer which that is a private, nonprofit, tax-exempt organization as defined
15	under Section 501(3)(c) (c)(3) of the Internal Revenue Code, which that obtains the
16	required approvals, and which that meets all of the qualifications provided for in this
17	Section except Subparagraph (1)(a) of this Subsection.

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1	(b) Separate DP Numbers shall be issued to and shall be continued to be
2	held by taxpayers that are subsidiary entities of a private, nonprofit, tax-exempt
3	organization, as defined under Section 501(c)(3) of the Internal Revenue Code,
4	that meets the requirements of Subparagraph (B)(2)(a) of this Section, as well
5	as to those taxpayer entities in which the tax-exempt organization is the sole
6	member, provided that these entities and the tax-exempt organization together
7	have in the aggregate an annual average of five million dollars of taxable
8	purchases or leases of tangible personal property and taxable services for three
9	calendar years prior to the year of application, and have such an average for
10	each subsequent three-year period, and which obtain the required approvals
11	and meet the qualifications provided for in Subparagraphs (1)(b) and (1)(d) of
12	this Subsection.
13	* * *
14	C. Upon application by a taxpayer to the department for a DP Number
15	pursuant to Paragraph (B)(1) or (2) of this Section, the department shall notify by
16	certified mail the local agency or agencies charged with collection of the sales and
17	use tax imposed by the political subdivisions in the parish or parishes in which the
18	taxpayer has a manufacturing establishment or facility or is a private, nonprofit, tax-
19	exempt organization taxpayer that meets the requirements of Paragraph (B)(2)
20	of this Section. The department and the local collection agency or agencies shall
21	review the application and shall audit the taxpayer to determine that the taxpayer
22	meets the qualifications provided in Subsection B of this Section, if the department
23	or local collection agency or agencies consider such audit necessary.
24	D. If the taxpayer applying for a DP Number pursuant to Paragraph (B)(1)
25	or (2) of this Section meets the qualifications of Subsection B of this Section and
26	obtains written approval from the local agency or agencies charged with the
27	collection of sales and use tax imposed by the political subdivisions in the parish or
28	parishes in which the taxpayer has a manufacturing establishment or facility or is a
29	private, nonprofit, tax-exempt organization taxpayer that meets the requirements

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1	of Paragraph (B)(2) of this Section, the department shall issue the DP Number to
2	the taxpayer. If the taxpayer meets the qualifications of Subsection B of this Section
3	but written approval is denied or withheld by the local agency or agencies charged
4	with the collection of sales and use tax imposed by the political subdivisions in the
5	parish or parishes in which the taxpayer has a manufacturing establishment or
6	facility or is a private, nonprofit, tax-exempt organization, the department shall issue
7	a DP Number to the taxpayer which that shall be applicable only for the purposes
8	of state sales and use tax.
9	* * *
10	F. The DP Number issued by the department under this Section may be
11	revoked by the secretary at any time if the taxpayer fails to meet the qualifications
12	provided in this Section, or if the department receives written notice of the
13	revocation of approval for issuance of the DP Number from all of the local tax
14	collection agencies which that had previously given their approval pursuant to
15	Subsection D of this Section.
16	G. The taxpayer may appeal the secretary's or local collection agency's
17	denial or revocation of a DP Number to the Board of Tax Appeals.
18	* * *
19	Section 2. This Act shall become effective on July 1, 2018.
	The original instrument and the following digest, which constitutes no part

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

	DIGEST	
SB 529 Original	2018 Regular Session	

<u>Present law</u> authorizes purchasers that have average annual purchases for a three-year period of \$5 million to apply for direct pay (DP) numbers allowing the purchaser to make all purchases without remitting the sales and use tax to their vendors and allowing the purchaser to report and pay the tax due directly to the Department of Revenue and local tax collection authorities.

<u>Proposed law</u> retains <u>present law</u> and authorizes taxpayers that are subsidiary entities of a private, nonprofit, tax-exempt organization, including entities in which the tax-exempt organization is the sole member, that otherwise meet the direct pay requirements to obtain DP numbers from the secretary of the Department of Revenue and local tax collection authorities to authorize the direct payment of sales and use tax to taxing authorities.

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ORIGINAL SB NO. 529

Effective July 1, 2018.

(Amends R.S. 47:303.1(B)(2), (C), (D), (F), and (G))