

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 239** SLS 18RS 575

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 18, 2018	5:17 PM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> REVENUE		<b>Analyst:</b> Benjamin Vincent
<b>Subject:</b> Reorganized Businesses: Registration/Resale Certificate		

REVENUE DEPARTMENT EN SEE FISC NOTE SG RV See Note Page 1 of 1  
 Authorizes the Department of Revenue to refuse to issue a resale certificate to a new business if the business reorganization was intended to evade payment of sales and use or withholding tax. (gov sig)  
Current law provides that a dealer who has quit a business, and subsequently opens another similar business under the same ownership, is liable for any tax, interest, or penalty owed by the original business. This liability applies regardless of whether the ownership type is individual, partnership, corporation, or other.

Proposed law provides that LA Dept. of Revenue (LDR) is authorized to refuse to register or issue, or may revoke a resale certificate to a business that has reorganized for the purpose of evading the payment of sales or withholding tax that has been collected but not remitted to LDR. Proposed law also imposes a penalty of \$5,000 on the owner of a business that reorganizes with the purpose of evading state sales or withholding tax.

Effective upon governor's signature.

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

  

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

**EXPENDITURE EXPLANATION**

LDR reports that implementation of this proposal will incur programming, testing and system development costs, along with associated changes to LDR software and the web registration application, which will be absorbed the existing current budget allocation.

**REVENUE EXPLANATION**

Current law provides that a dealer who has quit a business, and subsequently opens another similar business under the same ownership, that dealer shall be liable for any tax, interest, or penalty owed by the original business.

Proposed law provides that LDR may refuse to register or issue, or may revoke a resale certificate to business that has reorganized for the purpose of evading sales or withholding tax, and imposes a penalty of \$5,000 in addition to any tax, interest, or penalty already owed. Proposed law will have an indeterminable impact on state tax collections.

A small increase in tax collections may result, to the extent this additional authority enhances compliance and enforcement beyond what current law already provides. Additionally, revenue from penalties may increase, although it is unclear to which businesses these penalties might apply.

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}

**Gregory V. Albrecht**  
**Chief Economist**