

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 1** SLS 183ES 42

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 23, 2018	11:14 AM	Author: MORRELL
Dept./Agy.: Revenue		Analyst: Benjamin Vincent
Subject: Applicability for Definition of Remote Dealer		

TAX/SALES EG SEE FISC NOTE See Note Page 1 of 1
 Changes the effective date for the definition of "dealer" for purposes of the sales and use tax imposed on transactions involving a remote seller. (gov sig)

Present law provides that the definition of remote dealer as provided by current law is effective upon the U.S. Supreme Court ruling that South Dakota 2016 Senate Bill No. 106 is constitutional.

Proposed law provides that the applicability of the remote dealer definition is not contingent on South Dakota 2016 Senate Bill No. 106 being ruled constitutional, and instead is effective as of August 1, 2018.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	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	2018-19	2019-20	2020-21	2021-22	2022-23	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

EXPENDITURE EXPLANATION

Expenditure impacts related to administration of tax collections from remote dealers have already been acknowledged in the fiscal note associated with Act 5 of Second Extraordinary Session of 2018. The relevant portions of that discussion are repeated below for information purposes.

Act 274 of the 2017 Regular Session established the Louisiana State Sales and Use Tax Commission for Remote Sellers. As reported in the fiscal note for Act 274, LDR anticipates hiring four employees with an associated annual cost of some \$322,000. These expenditures would be funded by the commission retaining up to 1% of local and state sales taxes from remote sellers and would be a portion of new revenues that the state would collect due to the expanded population of dealers effective August 1, 2018, as provided by proposed law.

REVENUE EXPLANATION

Revenue impacts related to administration of tax collections from remote dealers have already been acknowledged in the fiscal note associated with Act 5 of Second Extraordinary Session of 2018. The relevant portions of that discussion are repeated below for information purposes.

Current law imposes a state tax of 5% and a local tax of 4% on remote dealers, and distributes the local tax to local taxing authorities based on parish population. LDR reports that dealers currently meeting and complying with this criteria typically remit approximately \$1 million per quarter.

Proposed law would expand the population of dealers qualifying as remote dealers, effective August 1, 2018.

To the extent that dealers meet the expanded definition and comply with the requirements to collect and remit the tax, state and local sales tax revenues will increase, along with a 1% share retained by the Commission. Such dealers would be required to collect and remit the consumer use tax in R.S. 47:302(K) until the Sales and Use Tax Commission for Remote Sellers is established and provides requirements for remote dealers to collect and remit sales and use tax. Any particular estimate of the magnitude and timing of possible additional collections is speculative.

- 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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