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## DIGEST

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HB 404 Original

2025 Regular Session

Willard

**Abstract:** Provides with respect to administrative functions of the Dept. of Revenue including duties and procedures relative to administration of particular taxes, functions of the office of debt recovery within the department, and reporting on tax exemptions and incentives.

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.

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.

With respect to sales and use tax administration, proposed law prohibits refunding of certain sales and use tax overpayments to taxpayers holding direct payment numbers. Also establishes a definition of "drop shipment sale" and rules for sourcing of such sales. Provides that these rules shall be given prospective and retroactive application.

Proposed law reduces the rate of interest on delinquent tax liabilities from three points above the judicial interest rate to a rate equal to the judicial interest rate provided for in present law (8.25% for the period Jan. 1, 2025 through Dec. 31, 2025).

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 requires the department to prepare and submit to the governor and the legislature a tax exemption budget on or before March 1<sup>st</sup> annually. Proposed law revises requirements relative to the content of the tax exemption budget.

Present law requires each state agency that administers tax credits and rebates to report certain information on these tax incentives to the legislature in every even-numbered year. Proposed law repeals present law and reestablishes certain provisions relative to return-on-investment analysis within present law included in the tax exemption budget.

Proposed law repeals 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.

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.

The following provisions of proposed law become effective July 1, 2025: Prohibition on refunding of certain sales and use tax overpayments to taxpayers holding direct payment numbers; repeal of the special interest rate applicable to certain severance tax overpayments; and reduction of the rate of interest on delinquent tax liabilities. 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), 1517(C), (E), and (F), 1601(A)(2)(a), 1621(D)(1), and 1676(C)(4), (D)(4)(a)(i) and (ii), (b), and (c), (E), and (F)(1); Adds R.S. 47:301.4(C)(4) and 303.1(D); Repeals R.S. 26:346(B) and 354(C)(2) and R.S. 47:296.1, 1517(B)(1)(c)-(e) and (2)-(4), 1517.1, and 1624(A)(2))