



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 1039** HLS 26RS 1525
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 7, 2026	10:15 AM	Author: DESHOTEL
Dept./Agy.: Remote Sellers, Uniform Local Sales Tax Board, Locals		Analyst: Mimi Blanchard
Subject: Local Sales and Use Tax Audit Procedures		

TAX/SALES-USE, LOCAL EG SEE FISC NOTE LF RV See Note Page 1 of 1
 Provides for local sales and use tax audit procedures

Proposed law requires local sales and use tax collectors to select taxpayers for audit through random selection, except when a written determination establishes a reasonable basis for a targeted audit, and requires prior approval of audits by the applicable commission or governing board. Proposed law requires that prior to making an estimate of tax due, the collector shall provide the dealer with a written request that identifies all books, records, papers, vouchers, accounts, and documents sought for examination, otherwise the assessment shall be considered arbitrary. Proposed law further provides that any request for a taxpayer to execute a waiver of the prescriptive period is voluntary and authorizes taxpayers and collectors to enter into written agreements to suspend the prescriptive period and, if agreed, the accrual of interest or delinquency penalties during such period.

Effective August 1, 2026.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Annual Total						

EXPENDITURE EXPLANATION

Louisiana Association of Tax Administrators (LATA) reports no anticipated direct material effect on local collection agency expenditures as a result of proposed law.

REVENUE EXPLANATION

LATA reports that proposed law will result in an indeterminable decrease in local sales and use tax collections to the extent that the ability of local collectors to initiate or conduct audits is limited. LATA indicates that the current audit coverage rate is approximately 1.42% of total taxpayers, and that audit activity may be reduced due to additional approval requirements and the use of random audit selection, which may result in lower collections if selected taxpayers have limited tax liability. LFO does not believe that additional approval requirements of proposed law inherently restrict audit authority or activity, though to the extent that random selection results in taxpayers with lower or higher liability than those currently selected, revenues may be impacted.

Proposed law authorizes taxpayers and collectors to enter into written agreements to suspend the prescriptive period and provides that, if agreed, the accrual of interest or delinquency penalties may be suspended during such period. LATA reports that these changes may reduce audit collections, as the suspension of interest would directly reduce amounts collected.

*Note: LATA reports that proposed law may conflict with confidentiality requirements established in R.S. 47:1508, which restrict the disclosure of taxpayer information except as otherwise provided by law.

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}

Alan M. Boxberger
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 Legislative Fiscal Officer