

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



Fiscal Note On: **HB 653** HLS 13RS 714  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action: **w/ SEN COMM AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> May 30, 2013 7:01 PM	<b>Author:</b> ROBIDEAUX
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Vendor Compensation	

TAX/SALES & USE EG1 +\$5,900,000 GF RV See Note Page 1 of 1  
 Changes the state sales and use tax rate and provides for the taxability of sale and services

The bill reduces the vendor compensation allowed sales tax dealers for accurate and timely remittance of state sales tax to 0.935% (from 1.1%). The bill also authorizes and directs the secretary of Revenue to employ all means available to ensure collection of consumer use taxes in an equitable, efficient, and effective manner.

Effective for taxable transactions occurring on and after July 1, 2013, upon passage of ten other pieces of legislation.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</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>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$5,900,000	\$5,900,000	\$5,900,000	\$5,900,000	\$5,900,000	<b>\$29,500,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	(\$1,600,000)	(\$1,600,000)	(\$1,600,000)	(\$1,600,000)	(\$1,600,000)	<b>(\$8,000,000)</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>\$4,300,000</b>	<b>\$4,300,000</b>	<b>\$4,300,000</b>	<b>\$4,300,000</b>	<b>\$4,300,000</b>	<b>\$21,500,000</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Based upon Department of Revenue FY12 summary statistics of sales tax remittances by various brackets of amount due, the current vendor compensation at 1.1% is approximately \$28.9 million. This compares to a calculation under the proposed bill, generating a compensation amount of \$24.6 million. The difference, some \$4.3 million would be reflected as an increase in state revenue since vendors would remit more of the sales tax paid by purchasers of goods and services rather than retain it. An additional gain to the state general fund of some \$1.6 million would occur as a result of a reduced dedication to two economic development funds, based on 37% of the total vendor compensation amount. Thus, the total gain to the state general fund from this bill is \$5.9 million.

The bill also authorizes and directs the secretary of Revenue to employ all means available to ensure collection of consumer use taxes in an equitable, efficient, and effective manner. Presumably, the Department already attempts to do this with respect to all taxes it is responsible for.

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|---|--|--------------|
| <u>Senate</u>   | <u>Dual Referral Rules</u>   | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}                        |              |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |              |

**John D. Carpenter**  
**Legislative Fiscal Officer**