Louisiana Legislative Fiscal Office Fiscal Notes

LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 106** SLS 13RS 83
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: April 26, 2013 2:19 PM
Author: PEACOCK
Dept./Agy.: Revenue
Subject: Withholding of Oil & Gas Payments
Analyst: Greg Albrecht

TAX/TAXATION OR SEE FISC NOTE GF RV

Requires deduction and withholding of oil and gas proceeds of out-of-state entities. (gov sig)

Requires a 4% withholding of income tax from payments of oil & gas proceeds to out-of-state persons or entities with tax liabilities to the state. Subject to withholding would be nonresident individuals, corporations with their principle business location outside of the state, recipients of payments whose 1099MISC address is outside the state, and pass-through entities not subject to federal tax as corporations.

Effective upon governor's signature. Withholding begins January 1, 2014.

EXPENDITURES	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**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	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**5 -YEAR TOTAL**
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The department does not expect a large number of additional withholding remitters, relative to the current processing load, and did not indicate a material administrative expense was expected as a result of the bill. The department already processes nearly 200,000 nonresident individual returns, and a material portion of corporate returns are likely from multi-state firms, as well.

REVENUE EXPLANATION

The bill does not change tax rates, bases, or liabilities, and would not be expected to materially change overall revenue collections. According to the Department of Revenue, authority already exists to require anyone making payments of $1,000 or more to report such payments, and the department already requires 1099MISC form filing for such payments made to a nonresident when payment is for rents or royalties from property located in the state.

Withholding will change the timing of receipts, but then reconciliation of payments and liabilities would occur in the filing season with refunds or payments made based on the taxpayers actual liability, as currently occurs. Withholding assures that the state is able to verify liabilities and payments.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}		☐ 6.8(F) >= $500,000 Annual Fiscal Cost {S}
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

John D. Carpenter

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