

ACT No. 405

2015 Regular Session

HOUSE BILL NO. 471

BY REPRESENTATIVE STOKES

1 AN ACT

2 To enact R.S. 47:301.2, relative to sales and use taxes; to establish the Sales Tax
3 Streamlining and Modernization Commission; to provide for membership; to provide
4 for duties of the commission; to provide for the various policies to be considered by
5 the commission; to provide with respect to commission meetings; to require certain
6 reporting; to provide for effectiveness; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:301.2 is hereby enacted to read as follows:

9 §301.2. Sales Tax Streamlining and Modernization Commission

10 A. Purpose. The legislature hereby recognizes that:

11 (1) The sales and use taxes on tangible personal property, services, rentals,
12 and leases hereinafter referred to as "sales tax", represent one of Louisiana's two
13 major revenue sources, representing an average of forty percent of state general fund
14 receipts.

15 (2) The sales tax is the main source of revenue for most of Louisiana's local
16 governments.

17 (3) There exist significant structural issues impacting the state and local sales
18 taxes, which include legislative actions that adversely impact the tax base, a distinct
19 shift away from a goods-based to a services-based economy, and an increasing shift
20 from "brick and mortar" retail transactions to e-commerce purchases.

21 (4) The combined average sales tax rate of 8.9% for Louisiana was the third
22 highest in the nation as reported by the Tax Foundation in 2014.

23 (5) The legislature further recognizes that it is good public policy to
24 contemplate modernization of the sales tax structure to reflect the twenty-first
25 century economy as a way to aid in stabilizing the sales tax as a revenue source for
26 the state and its local governments.

1 B. Sales Tax Streamlining and Modernization Commission. For these
2 reasons, the Sales Tax Streamlining and Modernization Commission, hereinafter
3 referred to as "commission", is hereby established to perform a comprehensive study
4 of Louisiana's state and local sales tax systems, and to make recommendations to the
5 legislature regarding revision of practices, administrative procedure, statutory law,
6 and Louisiana Constitution, all for the purpose of streamlining and modernizing this
7 vital revenue source for the state and its local governments. The recommendations
8 shall encompass an overall goal of ensuring both revenue stability and taxpayer
9 equity through the adoption of proven contemporary tax policies. The policies shall
10 be based on the concept of a low tax rate with a broad base to be administered fairly
11 and efficiently.

12 C. Members. The commission shall consist of the following twenty
13 members, who shall serve without compensation except for their reasonable and
14 necessary expenses related to the performance of their duties as members of the
15 commission, and then only in such amounts as is provided by law for state
16 employees and officials, or per diem or expense reimbursement to which they may
17 be individually entitled as members of their constituent organizations:

18 (1) The speaker of the House of Representatives or his designee.

19 (2) The president of the Senate or his designee.

20 (3) The chairman of the House Committee on Ways and Means or his
21 designee.

22 (4) The chairman of the Senate Committee on Revenue and Fiscal Affairs
23 or his designee.

24 (5) A member appointed by the Police Jury Association of Louisiana.

25 (6) A member appointed by the Louisiana Municipal Association.

26 (7) A member appointed by the Louisiana School Boards Association.

27 (8) A member appointed by the Louisiana Association of Tax
28 Administrators.

29 (9) A member appointed by the Louisiana Sheriffs Association.

30 (10) A member appointed by the Louisiana Multiparish Tax Commission.

1 (11) A member appointed by the Louisiana Association of Business and
2 Industry.

3 (12) A member appointed by the Louisiana Retailers Association.

4 (13) A member appointed by the Louisiana Automobile Dealers Association.

5 (14) A member appointed by the National Federation of Independent
6 Business.

7 (15) A member appointed by Louisiana Industrial Development Executives
8 Association.

9 (16) A member appointed by Society of Louisiana Certified Public
10 Accountants.

11 (17) A member appointed by the Public Affairs Research Council of
12 Louisiana.

13 (18) A member appointed by The Tax Foundation.

14 (19) The secretary of the Department of Revenue or his designee.

15 (20) The Legislative Auditor, or his designee.

16 D. Meetings. (1) The commission shall conduct monthly meetings and may
17 consider testimony from witnesses and documents produced for purposes of the
18 commission. The first meeting shall be held no later than July 31, 2015. A majority
19 of the commission members shall constitute a quorum. Meetings of the commission
20 shall be held at the state capitol and be open to the public, pursuant to the provisions
21 of R.S. 42:12 et seq.

22 (2) The commission shall elect a chairman at its first meeting by a majority
23 vote of a quorum of the members present and voting. The chairman shall prepare the
24 schedules and agendas for meetings, and shall coordinate the staff support deemed
25 necessary for the function of the commission. The following organizations shall
26 assist the commission with staff support as may be required:

27 (a) Louisiana Department of Revenue.

28 (b) Staff of the House of Representatives, Senate, Legislative Fiscal Office,
29 and Legislative Auditor's Office.

1 (3) The commission, by majority vote of members present and voting, may
2 establish subcommittees and provide for guidelines and timetables for their reports
3 to the commission.

4 E. Studies. The duty of the commission shall be to perform a comprehensive
5 study of the following issues relating to Louisiana's state and local sales tax systems
6 and to develop specific recommendations for legislative consideration relative
7 thereto:

8 (1) A study of how Louisiana state and local sales tax policy affects the
9 economy of our state, and how changes in such policy may better position Louisiana
10 for the future in terms of equity and economic competitiveness.

11 (2) A study of the state and local government sales tax bases and rates and,
12 to the degree practicable, how those compare with that of other states with similar
13 demographics and economies. This shall include examination of the concept of
14 broadening the tax base to allow for lower rates and a more equitable system. Given
15 the global shift of economic activity from goods-based to services-based
16 consumption, such study shall specifically include consideration of the taxation of
17 services as a way to strengthen the base and also to help offset the otherwise
18 regressive nature of a sales tax structure where few services are taxed. Further, this
19 study shall include consideration of the impact of tax rates on the deleterious effects
20 of the migration of economic consumption from land-based to the Internet, not only
21 on state and local revenue stability, but also on the economic competitiveness and
22 survival of Louisiana's retail businesses, which local businesses are critical to the
23 vitality of the cultural and community life in this state.

24 (3) A study of all special tax treatment against sales tax, inclusive of credits,
25 deductions, discounts, exclusions, exemptions, and rebates. This shall include, to the
26 degree practicable, a comparison to that of other states with similar populations and
27 economies.

28 (4) A study of state and local government sales tax collection and audit
29 procedures and, to the degree practicable, a comparison to that of other states which
30 are considered at a national level to have an efficient, contemporary administrative
31 and procedural scheme.

1 F. Reports and Recommendations. The commission shall review any
 2 reports of the research groups and subcommittees, and after having conducted its
 3 comprehensive review, shall prepare a report of its recommendations for any revision
 4 of current practices, administrative procedure, statutory law, and Louisiana
 5 constitution. A recommendation concerning the collection or administration of local
 6 sales and use taxes shall require approval of three-quarters of the members of the
 7 commission. The commission's interim report shall be submitted to the governor,
 8 the president of the Senate, and the speaker of the House of Representatives no later
 9 than January 15, 2016. The final report shall be prepared as determined by the
 10 commission.

11 G. Sunset. The commission shall terminate on June 30, 2017.

12 Section 2. This Act shall become effective upon signature by the governor or, if not
 13 signed by the governor, upon expiration of the time for bills to become law without signature
 14 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 15 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 16 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____