## SLS 22RS-294

## ORIGINAL

2022 Regular Session

SENATE BILL NO. 95

BY SENATOR ALLAIN

TAX/LOCAL. Creates the multi-parish audit program for local sales tax. (7/1/22)

1	AN ACT
2	To amend and reenact R.S. 47:337.36, 337.102(H) and (I)(1) and to enact R.S.
3	47:337.102(C)(10) and (I)(4), relative to the Uniform Local Sales Tax Board; to
4	create a multi-parish audit program; to provide for confidentiality of taxpayer
5	information; to provide for the operations of the program; to provide relative to the
6	funding of the board; to provide for reporting on the program to legislative
7	committees; to provide for an effective date; and to provide for related matters.
8	Be it enacted by the Legislature of Louisiana:
9	Section 1. R.S. 47:337.36, 337.102(H) and (I)(1) are hereby amended and reenacted
10	and R.S. 47:337.102(C)(10) and (I)(4) are hereby enacted to read as follows:
11	§337.36. Power to examine records and premises of taxpayer
12	For the purpose of administering the provisions of the local ordinance and
13	this Chapter, the collector, whenever he deems it expedient, may make or cause to
14	be made by any of his authorized assistants, an examination or investigation of the
15	place of business, if any, the tangible personal property, and the books, records,
16	papers, vouchers, accounts, and documents of any taxpayer. The collector shall
17	notify the taxpayer of the availability of the multi-parish audit program when

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1	the taxpayer is initially notified of the collector's intent to conduct an
2	examination or investigation pursuant to this Section. Every taxpayer and every
3	director, officer, agent, or employee of every taxpayer, shall exhibit to the collector
4	or to any of his authorized assistants, the place of business, the tangible personal
5	property and all of the books, records, papers, vouchers, accounts, and documents
6	of the taxpayer and to facilitate any such examination or investigation so far as it
7	may be in his or their power so to do.
8	* * *
9	§337.102. Louisiana Uniform Local Sales Tax Board; creation; membership; powers
10	and duties
11	* * *
12	C. Powers and duties of the board. The board may:
13	* * *
14	(10) Hold an executive session pursuant to R.S. 42:16 for any of the
15	reasons contained in R.S. 42:17 and for the discussion of matters involving
16	confidential taxpayer information including policy advice, private letter rulings,
17	multi-parish audits, or other matters. The records and files of the board held
18	for the purpose of enforcement of the tax laws of this state and its political
19	subdivisions shall be deemed to be the files and records of a political subdivision
20	of the state subject to the provisions of R.S. 47:1508 in the same manner as any
21	other political subdivision enforcing tax laws related to sales and use taxes.
22	* * *
23	H. Multi-parish audits.
24	(1) The Beginning July 1, 2022, the board may develop a coordinated shall
25	implement and coordinate the multi-parish audit process which program.
26	<u>(2) Multi-parish audit program.</u>
27	(a) A multi-parish audit may be requested by a taxpayer having a location
28	in the state and registered to file and remit local sales and use taxes pursuant to a
29	local ordinance in at least three parishes. If a coordinated multi-parish audit program

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1	is developed, the program shall be implemented through a pilot program prior to
2	statewide availability. A taxpayer that qualifies may request a multi-parish audit
3	<u>from the board within thirty days from the issuance of a notice of intent to audit</u>
4	from any of the parishes in which the taxpayer is registered to file and remit
5	local sales and use taxes.
6	(b)(i) The board shall assist the taxpayer identify all parishes in which
7	the taxpayer is registered to file and remit local sales and use taxes and shall
8	send a notice of the multi-parish audit to all parishes identified. Parishes shall
9	have fifteen days from the date of the notice to opt in or out of the multi-parish
10	audit.
11	(ii) Any parish identified by the taxpayer that opts out of a multi-parish
12	audit shall be prohibited from auditing the requesting taxpayer for three years
13	from the date the field work for the multi-parish audit is completed. This
14	prohibition shall not apply to parishes that the taxpayer failed to disclose to the
15	board.
16	(c) The board shall select and compensate the auditors who will conduct
17	the multi-parish audit. All auditors selected by the board shall be bound by R.S.
18	47:337.26 and any audit protocols in rules promulgated by the board.
19	(d) The board shall facilitate consistent treatment of taxability of
20	transactions between parishes involved in a multi-parish audit.
21	(e)(i) Each parish shall review the completed audit and shall make an
22	independent determination regarding the issuance of a notice of intent to assess
23	with forty-five days of receipt of the completed audit.
24	(ii) Notwithstanding any provision of law to the contrary, a notice of
25	intent to assess arising from a multi-parish audit shall interrupt prescription for
26	the parish issuing the notice of intent to assess.
27	(f) After the issuance of the notices of intent to assess, the taxpayer may
28	request a joint administrative hearing in which all parishes that opted into the
29	multi-parish audit may participate. The board shall coordinate the hearing.

1	(g) The board may provide by rule for audit procedures, hearing
2	procedures, and any other provision necessary for the implementation of the
3	<u>multi-parish audit program.</u>
4	(3) On or before January 1, 2024, the board shall report to the Senate
5	Committee on Revenue and Fiscal Affairs and the House Committee on Ways
6	and Means on the multi-parish audit program. The report shall include the
7	number of multi-parish audits that were requested and initiated in each fiscal
8	year, the number of multi-parish audits that were completed in each fiscal year,
9	the percentage of local sales and use tax audits that are multi-parish audits, and
10	the number of multi-parish audits for which each parish had opted in and opted
11	out. The report may include recommendations for legislation to streamline or
12	improve the program and any other information the board determines to be
13	<u>relevant.</u>
14	* * *
15	I. Funding. (1) The board shall be funded through a dedication of a
16	percentage of the total statewide collections of local sales and use tax on motor
17	vehicles, as provided for in an agreement with local collectors and in accordance
18	with the limitations provided in this Paragraph and the budgetary policy as provided
19	in Paragraph (2) of this Subsection. Monies shall be payable monthly from the
20	current collections of the tax. The dedication shall be considered a cost of collection
21	and shall be deducted by the state and disbursed to the board prior to distribution of
22	tax collections to local taxing authorities. The dedication shall be in addition to any
23	fee imposed by the office of motor vehicles for the collection of the local sales and
24	use tax on motor vehicles. The amount to be disbursed to the board in any fiscal year
25	after Fiscal Year 2018-2019 shall not, under any circumstances and notwithstanding
26	any budget adopted by the board, exceed the following:
27	(a) In Fiscal Year 2017-2018, one-fifth of one percent of the collections.
28	(b) In Fiscal Year 2018-2019, one-quarter of one percent of the collections.
29	(c) In Fiscal Year 2019-2020 and each fiscal year thereafter, three-tenths of

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1	one percent of the collections.
2	* * *
3	(4) Notwithstanding the provisions of R.S. 47:303(B)(3)(b) or any other
4	law to the contrary, the tax imposed by the political subdivisions on the sale or
5	use of vehicles subject to the Vehicle Registration License Tax Law shall not be
6	collected by the vehicle commissioner for any local taxing authority if the
7	collector for that taxing authority does not enter into a contract with the board
8	to provide funding as provided in Paragraph (3) of this Subsection. Beginning
9	January 1, 2023, agreements entered into pursuant to R.S. 47:303(B)(3)(b) shall
10	be suspended for all such taxing authorities until their collector has entered into
11	a contract with the board to provide funding as provided in Paragraph (3) of
12	this Subsection.
13	Section 2. This Act shall become effective on July 1, 2022; if vetoed by the governor
14	and subsequently approved by the legislature, this Act shall become effective on the day
15	following such approval by the legislature or July 1, 2022, whichever is later.

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

	DIGEST	
SB 95 Original	2022 Regular Session	Allain

Present law authorizes local tax collectors to examine or investigate the place of business, the tangible personal property, and the books, records, papers, vouchers, accounts, and documents of any taxpayer for purposes of enforcing the local sales and use tax laws.

Proposed law retains present law and requires collectors to notify taxpayers of the proposed law multi-parish audit program when notifying taxpayers of their intent to conduct an examination or investigation.

Present law authorizes the Uniform Local Sales Tax Board to advise local sales and use tax collectors concerning the imposition, collection, and administration of local sales and use taxes and issue private letter rulings to taxpayers.

Present law provides that all meetings of the board are subject to the open meetings law.

Proposed law authorizes the board to hold executive sessions for the discussion of matters involving confidential taxpayer information including policy advice, private letter rulings, and multi-parish audits.

Proposed law requires that the records and files of the board held for the purpose of enforcement of the tax laws of this state be treated as confidential and subject to penalty for unauthorized disclosure.

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<u>Present law</u> authorizes the Uniform Local Sales Tax Board to develop and coordinate a multi-parish audit process for taxpayers located in the state that are registered to file and remit local sales tax in three or more parishes.

<u>Proposed law</u> requires the board to implement and coordinate the multi-parish audit program created by <u>proposed law</u>.

Proposed law creates the multi-parish audit program.

<u>Proposed law</u> authorizes taxpayers that have a physical location in the state and that are subject to sales and use tax in three or more parishes to request a multi-parish audit whenever the taxpayer receives a notice of intent to audit from any of the parishes in which the taxpayer is required to file and remit sales and use tax.

<u>Proposed law</u> requires qualifying taxpayers to notify the board of their request for a multiparish audit within 30 days of the issuance of the notice of intent to audit.

<u>Proposed law</u> requires the board to assist the taxpayer in identifying all parishes in which the taxpayer does business and the board will send the multi-parish audit notice to all identified parishes. Parishes will have 15 days to opt in or opt out of the multi-parish audit.

<u>Proposed law</u> provides that parishes that were identified by the taxpayer that opt out of a multi-parish audit will be prohibited from auditing the same taxpayer for three years from the date of completion of the multi-parish audit field work.

<u>Proposed law</u> requires that the board hire and compensate auditors who conduct multi-parish audits and requires these auditors to follow <u>present law</u> standards of conduct for contract auditors hired by local tax collectors and any additional audit protocols set forth in rules promulgated by the board.

<u>Proposed law</u> requires that the board facilitate consistent treatment of taxability of transactions between parishes involved in a multi-parish audit.

<u>Proposed law</u> requires that each parish participating in a multi-parish audit will review the audit and make an independent determination regarding the issuance of a notice of intent to assess and further provides that if issued a notice of intent to assess will interrupt prescription for the parish issuing the notice.

<u>Proposed law</u> provides that if a notice of intent to assess is issued, the board will coordinate an administrative hearing at the request of the taxpayer in which all parishes involved in the audit may participate.

<u>Proposed law</u> authorizes the board to issue rules to provide for audit procedures, hearing procedures, and any other provisions necessary for the implementation of the program.

<u>Proposed law</u> requires the board to report to the Senate Committee on Revenue and Fiscal Affairs and the House Committee on Ways and Means by Jan. 1, 2024, on the number of multi-parish audits initiated and completed, the percentage of local audits that are multi-parish audits, and the number of times each parish has opted in of out of the multi-parish audits. The board may also report any recommended legislative changes to the program as well as other information the board determines to be relevant.

<u>Present law</u> authorizes the board to enter into contracts with local tax collectors to fund the operations of the board.

<u>Present law</u> authorizes the vehicle commissioner to collect the local sales and use tax on motor vehicles subject to the Vehicle Registration License Tax Law.

Page 6 of 7 Coding: Words which are struck through are deletions from existing law; words in **boldface type and underscored** are additions. <u>Proposed law</u> provides that the vehicle commissioner shall not collect the local sales and use tax on motor vehicles subject to the Vehicle Registration License Tax Law if the collector for the local taxing authority has not entered into a contract with the board to provide funding.

<u>Proposed law</u> suspends any agreements between collectors that have not entered into an agreement with the board for participation in the multi-parish audit program from January 1, 2023, until a funding contract is entered into.

Effective July 1, 2022.

(Amends R.S. 47:337.36, 337.102(H) and (I)(1); adds R.S. 47:337.102(C)(10) and (I)(4))