

**Task Force on Structural Changes in Budget and Tax Policy - July 22, 2016**  
**Resolution - Louisiana Uniform Local Sales Tax Board**

WHEREAS, the Louisiana Constitution grants local political subdivisions the authority to levy sales taxes at voter approved rates to fund local government necessary to provide services to its constituents;

WHEREAS, the Louisiana Constitution authorizes local government to collect, administer, and enforce local sales tax so levied;

WHEREAS, the Louisiana Constitution authorizes a single collector in each parish with the authority relative to the imposition, collection, and administration of local sales and use taxes separate from that of the State;

WHEREAS, these Louisiana Constitution provisions that allow for local governments to levy, collect, enforce and administer their own sales taxes makes them more self-sufficient and less dependent on the state's budget;

WHEREAS, local collectors are more aware of business activity occurring within their communities;

WHEREAS, local collectors whom have extensive experience in properly collecting and distributing to the proper local governmental officials is a trusted partnership that provides the most accurate collection and distribution of its tax dollars;

WHEREAS, local government desires to provide increased uniformity and efficiencies in the collection and administration of local sales and use tax in their communities and throughout the state;

WHEREAS, local government and its collectors recognize business and industry's concerns of Louisiana's local sales and use tax collection process;

WHEREAS, local government and its collectors desire to participate in developing a better system that recognizes the demands of local government officials to accurately collect and distribute local sales tax dollars while simultaneously recognizing business and industry's concern of the collection process;

WHEREAS, local government desires to provide assistance and increased efficiencies to business and industry that operate in multiple parishes with respect to administrative procedures, refund requests and/or audits; and

WHEREAS, local government desires to provide assistance to business and industry with respect to the coordination of audits involving multiple parishes;

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**Page 2**

Accordingly, we request the Task Force on Structural Changes in Budget and Tax Policy explore the creation of the Louisiana Uniform Local Sales Tax Board as a political subdivision of the state for purposes of uniformity and efficiency of collection and administration of local sales and use taxes.

Submitted by:

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## **The Louisiana Uniform Local Sales Tax Board**

Local sales and use taxes have been in existence for over 60 years and comprise a major funding source for local government. Louisiana's local sales and use tax collection process has been a concern among business and industry for a long time. Understanding the issues presented by the business community and the importance of local tax collection to their respective jurisdictions, local tax collectors have been extremely active in drafting and implementing reforms designed to improve the local tax collection process. Most notable are the adoption of a single collector for each parish, the implementation of Uniform Local Sales Tax Code in revised statutes to promote uniformity to the extent possible in the assessment, collection, administration, and enforcement of the sales and use taxes imposed by taxing authorities and the creation of the Local Division of the Board of Tax Appeals providing a forum for the uniform adjudication of local sales and use tax disputes. In addition, local tax collectors have participated in amending revised statutes regarding sales and use tax auditing processes including, but not limited to, tax auditors, auditor qualifications, and audit procedures. The Louisiana Association of Tax Administrators (LATA), a non-profit trade association comprised of local tax administrators, has developed best practices for sales and use tax auditing and drafted uniform forms to assist its membership and to promote uniformity in the collection and administration of local tax collection. The LATA also developed and maintains TRAILS, a sales/use tax issue query system deployed on its website, [www.laota.com](http://www.laota.com), designed to assist both local tax administrators and the business community.

In furtherance of the progress above, I respectfully request the Task Force consider and adopt a proposal to create the Louisiana Uniform Local Sales Tax Board. The board would be a political subdivision of the state for purposes of uniformity and efficiency relative to the administration and collection of local sales and use taxes and would have the following characteristics:

### **Membership**

The membership of the board would be as follows:

- (1) The executive director of the Louisiana Municipal Association.
- (2) The executive director of the Louisiana School Board Association.
- (3) The executive director of the Police Jury Association of Louisiana.
- (4) The executive director of the LA Sheriffs' Association.
- (5) The head of a single parish collector's office appointed by the LA Municipal Association.
- (6) The head of a single parish collector's office appointed by the LA School Boards Association.
- (7) The head of a single parish collector's office appointed by the Police Jury Association of Louisiana.
- (8) The head of a single parish collector's office appointed by the LA Sheriffs' Association.

Employees, legal counsel, and vendors of a single parish collector's office are ineligible for these appointments; except for those listed in (5) through (8).

The board members would be prohibited from receiving compensation; however members may be reimbursed for reasonable expenses incurred in the performance of their duties.

The board would employ an executive director, and any necessary agents, assistants, auditors, clerks, inspectors, investigators, or other experts and employees as necessary to conduct operations.

The domicile of the board would be East Baton Rouge Parish but the board could meet and conduct business at other locations within the state from time to time as determined.

### **Initial Powers and Duties:**

The initial powers and duties of the board would be as follows:

(1) Support and issue policy advice for local sales and use tax collectors concerning the imposition, collection, and administration of local sales and use taxes.

(2) Agreements with local tax collectors and contracts for the services of legal counsel, analysts, auditors, appraisers, and witnesses, as well as contracts with any agency or department of the state or any state or local political subdivision.

(3) Adopt uniform forms and model procedures to be used by local sales and use tax collectors.

(4) Serve as the subject matter expert in the development of computer software and hardware requirements for the collection and administration of local sales/use taxes designed to promote the single collector concept.

(5) Serve as the designated rule and policy-making organization for purposes of the Uniform Local Sales Tax Law.

(6) Issue policy advice in the form of private letter rulings intended to provide guidance to taxpayers or dealers with respect to any local sales and use tax issue. Any private letter ruling issued by the board would bind the decisions of a local tax collector if that collector had been notified of the request for the ruling pursuant to proposed law. A local tax collector could seek a review of a private letter ruling by filing a petition with the Local Division of the Board of Tax Appeals.

(7) Establish a uniform voluntary disclosure program for qualifying taxpayers seeking relief from penalties in cases where they have a liability to more than one local sales and use tax collector. The board would accept applications from taxpayers seeking to participate in the program and may issue a recommendation for the waiver of penalties for taxpayers who have complied with program requirements, including full payment of taxes and interest. The recommendation would be binding on local tax collectors absent fraud, material misrepresentation, or misrepresentation of fact.

(8) Establish uniform standards and forms for the purposes of refund requests for all local sales and use taxes. In addition, the board would serve as the central filing agency only for all refund claims involving three or more parishes and having similar transactions in fact.

(9) Develop a coordinated multi-parish audit process which may be requested by a taxpayer having a location in Louisiana and is registered to file and remit local sales and use taxes in at least three parishes. The audit process would be implemented through a two year pilot

program after which time the audit process would be available statewide. Expenses associated in joint audits would be paid by the local jurisdictions participating in the joint audits.

(10) Consult with the secretary of the Department of Revenue concerning the distribution of state sales and use taxes that are collected on remote sales on the behalf of local taxing authorities.

### **Funding**

The board would be funded through the imposition of a fee, payable monthly, from the collections of local sales and use taxes on motor vehicles. The fee would be deducted by the state and transmitted to the board prior to distribution of tax collections to local taxing authorities. The fee would be in addition to any fee imposed by the office of motor vehicles, and not exceed:

- (a) first fiscal year: one-fifth of 1% of the collections (~ \$720,000)
- (b) second fiscal year: one-third of 1% of the collections (~\$1,150,000)
- (c) third and subsequent years: one-half of 1% of the collections (~\$1,800,000)

The rate of the fee imposed each year would be determined based on the board's prior year's actual operating expenses and any specific requirements for major expenditures in the coming year. For this purpose, the board would prepare an annual reconciliation of its expenditures and monthly fees, which reconciliation would be transmitted to the head of each local sales and use tax collector by June 1<sup>st</sup> of each year. The reconciliation would be used to determine the fee rate for the prospective year to ensure that the fee generates the actual amount necessary for the board to fulfill its duties under the law.