

NOTICE OF INTENT

Department of Revenue Policy Services Division

Electronic Filing Mandate for Reports and Returns related to the Sports Facility Assistance Fund (LAC 61:III.1527)

Under authority of R.S. 47:1520 and 1511 and in accordance with provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to adopt LAC 61:III.1527 to mandate the electronic filing of any report or return related to the Sports Facility Assistance Fund.

Title 61

REVENUE AND TAXATION

Part III. Administrative Provisions and Miscellaneous Chapter 15. Mandatory Electronic Filing of Tax Returns and Payments

§1527. Electronic Filing Mandate for Reports and Returns related to the Sports Facility Assistance Fund

A. R.S. 47:1520(A)(1)(e) allows the secretary to require electronic filing of any return or report filed by a professional athletic team or a professional athlete which is required to be filed by the Department of Revenue for the administration of the Sports Facility Assistance Fund.

B. Effective for the 2011 tax year filings and all other tax years thereafter, all reports and returns filed by a professional athletic team or a professional athlete shall be filed electronically with the Department of Revenue using the electronic format provided by the department.

1. The returns and reports to be filed electronically include, but are not limited to, the following:

- a. L-1 with the team roster attached;
- b. L-3 reconciliation with attached, completed W-2s containing all federal information;
- c. IT 540B-NRA for nonresident athletes; and
- d. IT 540 for resident athletes.

2. The team rosters attached to the L-1 should include the following information:

- a. team or franchise name;
- b. team or franchise account number;
- c. type of game or sporting event;
- d. sporting game or event locations;
- e. practice date if applicable;
- f. sporting event or game date;
- g. the names of each player and staff member who traveled to the sporting game or event in Louisiana;
- h. the social security numbers of each player and staff member;
- i. the addresses of each player and staff member;
- j. the job description of each player and staff member;
- k. the quarterly salary of each player and staff member;
- l. total duty days as defined in LAC 61:I.1304(I)(2);
- m. Louisiana duty days which includes days of all practices, meetings and games;
- n. the Louisiana wages of each athlete and staff member;

o. the Louisiana withholding tax of each athlete and staff member; and

p. the total roster Louisiana withholding tax.

C. Failure to comply with this electronic filing requirement will result in the assessment of a penalty of \$1,000 per failure.

D. If it is determined that the failure to comply is attributable, not to the negligence of the taxpayer, but to other causes set forth in written form and considered reasonable by the secretary, the secretary may remit or waive payment of the whole or any part of the penalty.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1520 and 1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 37:

Family Impact Statement

The proposed adoption of LAC 61:III.1527 should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D).

Small Business Statement

In accordance with R.S. 49:965.6, the Department of Revenue has conducted a regulatory flexibility analysis and found that the proposed adoption of this proposed Rule will have negligible impact on small businesses.

Public Comments

Any interested person may submit written data, views, arguments or comments regarding this proposed Rule to Shone Pierre, Assistant Secretary Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be submitted no later than 4:30 p.m., Tuesday, January 25, 2011.

Public Hearing

A public hearing will be held on Wednesday, January 26, 2011, at 10 a.m. in the River Room located on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802.

Cynthia Bridges
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: Electronic Filing Mandate for Reports and Returns related to the Sports Facility Assistance Fund

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

There is no anticipated direct material effect on state or local governmental expenditures as a result of this measure. This proposed rule requires the electronic filing of every report or return that a professional athletic team or a professional athlete is required to file with the Department of Revenue including those required for the administration of the Sports Facility Assistance Fund per Act 503 of the 2010 Regular Session of the Legislature. According to the Department of Revenue, the forms required of professional athletic teams and nonresident athletes that provide information to ensure the proper deposits to the Sports Facility Assistance Fund are already available electronically and will require no additional resources to become operational.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

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

expected that taxpayers are ultimately paying what is owed, regardless of the filing mechanism, and the correct amounts are being deposited to the Sports Facility Assistance Fund, although some improved compliance and accounting is possible. The proposed rule also sets a penalty of \$1,000 per failure to follow the electronic filing mandate, but income to the state is not anticipated from this penalty as full compliance is expected. The Department reports that there has been confusion about the appropriate form that nonresident professional athletes must file resulting in additional processing and penalty collection workload. The Department expects this measure will help alleviate that confusion and reduce the effort required to process and account for the collections that must flow to the Sports Facility Assistance Fund which may also reduce the collection of penalties which become self generated revenue for the Department of Revenue. An exact amount of penalties related to nonresident athletes is not known but is expected to be minimal.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Every professional athletic team or professional athlete that participates in an athletic event in Louisiana would be affected by this proposed rule. Since all professional athletic teams and professional athletes should already be filing these returns and reports with the Department, any additional costs should be minimal. Professional athletic teams or professional athletes who chose not to follow the electronic filing mandate will be subject to the noncompliance penalty of \$1,000 per failure to file electronically.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule should not affect competition or employment.

Cynthia Bridges
Secretary
1012#131

Robert E. Hosse
Staff Director
Legislative Fiscal Office

