

## NOTICE OF INTENT

### Department of Revenue Tax Policy and Planning Division

#### Installment Agreement for Payment of Tax (LAC 61.I.4919)

Under the authority of R.S. 47:105(B), 47:1511, and 47:1576.2 and in accordance with the Administrative Procedure Act, R.S. 49:950 *et seq.*, the Department of Revenue, Tax Policy and Planning Division, gives notice that rulemaking procedures have been initiated to amend LAC 61.I.4919 relative to installment agreements for the payment of tax.

R.S. 47:105(B) and 47:1576.2 authorizes the payment of taxes in installments and gives the secretary authority to promulgate rules to administer the installment program. The purpose of this regulation is to increase the maximum threshold and extend the payment period for informal installment agreements.

This rule is written in plain language in an effort to increase transparency.

#### Title 61 REVENUE AND TAXATION Part I. Administrative and Miscellaneous Provisions Chapter 49. Tax Collection

#### §4919. Installment Agreement for Payment of Tax

A. – C.4. ...

D. Forms of Installment Agreements

1. Informal installment agreements shall be allowed only if the amount owed is less than ~~\$25,000~~50,000 and the payment period is ~~36~~60 months or less.

2. Formal installment agreements shall be required if the amount owed is ~~\$25,000~~50,000 or more or the payment period exceeds ~~36~~60 months. Information relative to the taxpayer's employment, bank account, credit, income statement, balance sheets, cash-flow data, and any other information shall be provided to the department upon request.

D.3. – E.2. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:105 and R.S. 47:1576.2.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 42:281 (February 2016), amended by the Department of Revenue, Policy Services Division, LR 47:892 (July 2021), amended by the Department of Revenue, Tax Policy and Planning Division, LR 50:

#### Family Impact Statement

The proposed adoption of this rule might have a slight positive impact on family as defined by R.S. 49:972(D) or on family formation, stability and autonomy as the length of the installment agreement period is being extended giving families more time over which to pay their liabilities. The proposed adoption should have no other known or foreseeable impact on:

1. The stability of the family.
2. The authority and rights of parents regarding the education and supervision of their children.

3. The functioning of the family.
4. Family earnings and family budget.
5. The behavior and personal responsibility of children.
6. The ability of the family or a local government to perform this function.

#### **Poverty Impact Statement**

The proposed rule has no known impact on poverty as described in R.S. 49:973.

#### **Small Business Impact Analysis**

The proposed rule has no known measurable impact on small businesses as described in R.S. 49:974.4.

#### **Provider Impact Statement**

The proposed rule has no known or foreseeable effect on:

1. The staffing levels requirements or qualifications required to provide the same level of service.
2. The total direct and indirect effect on the cost to the provider to provide the same level of service.
3. The overall effect on the ability of the provider to provide the same level of service.

#### **Public Comments**

All interested persons may submit written data, views, arguments or comments regarding this proposed rule to John Pearce, Attorney, Tax Policy and Planning Division, Office of Legal Affairs, P.O. Box 44098, Baton Rouge, LA 70804-4098. Written comments will be accepted until 4:30 p.m. on July 29, 2024.

#### **Public Hearing**

A public hearing will be held on July 30, 2024 at 10:00 a.m. in the River Room, located on the 7th floor of the LaSalle Building, 617 North Third Street, Baton Rouge, Louisiana. Should individuals with a disability need an accommodation in order to participate, contact John Pearce at the address given above in the Public Comments section, by email at [LDRadarequests@la.gov](mailto:LDRadarequests@la.gov) or at by phone at (225) 219-2784.

Richard Nelson  
Secretary of Revenue

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#### Title 61 REVENUE AND TAXATION Part I. Administrative and Miscellaneous Provisions Chapter 49. Tax Collection

#### §4919. Installment Agreement for Payment of Tax

A. – C.4. ...

D. Forms of Installment Agreements

1. Informal installment agreements shall be allowed only if the amount owed is less than \$50,000 and the payment period is 60 months or less.

2. Formal installment agreements shall be required if the amount owed is \$50,000 or more or the payment period exceeds 60 months. Information relative to the taxpayer's employment, bank account, credit, income statement, balance sheets, cash-flow data, and any other information shall be provided to the department upon request.

D.3. – E.2. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:105 and R.S. 47:1576.2.

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Richard Nelson  
Secretary of Revenue

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

Person Preparing Statement:	<u>Dana Gibson</u>	Dept.:	<u>Revenue</u>
Phone:	<u>(225) 219-2176</u>	Office:	<u>External Reporting Division</u>
Return Address:	<u>617 North Third Street</u>	Rule Title:	<u>LAC 61.I.4919</u>
	<u>Baton Rouge, LA 70802</u>	Date Rule Takes Effect:	<u>September 20, 2024</u>

**SUMMARY**  
(Use complete sentences)

In accordance with Section 961 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

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

This proposal amends the rule to allow informal installment agreements only if the amount owed is less than \$50,000 and to extend the maximum payment period for an informal installment agreement from 36 months to 60 months. It also provides for a formal agreement if the amount owed is \$50,000 or more or the payment period exceeds 60 months. The installment agreement fee of \$105 remains unchanged as does the reinstatement fee of \$60. The fees do not apply to establish an installment agreement with a taxpayer whose adjusted gross income is less than or equal to \$25,000. The installment agreement fees cannot be paid in installments nor waived or applied against any tax debt.

Implementation of this proposal will not result in material additional costs or cost savings to the Louisiana Department of Revenue (LDR). Local governments will not be affected by this proposal.

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

The proposed rule is anticipated to have an indeterminable decrease on revenue collections of the state in the short-term. Taxpayers who owe less than \$50,000 will be able to spread liabilities over five years, instead of three, through informal installment agreements under the proposed rule. Extending the duration of informal installment agreements is anticipated to decrease revenue collections of the state annually in the first four years of the installment plans, assuming the current LDR monthly rate of 0.97917% remains constant over the fiscal horizon. However, interest and late payment penalties will continue to accrue during the extended installment agreements which increases the taxpayer's overall liability. State revenues are anticipated to increase in the fifth year of collections due to the interest accumulation. LDR anticipates the proposed rule may increase the number of installment agreements and decrease the rate of taxpayer defaults by providing taxpayers a longer period to spread liabilities over. To the extent the default rate improves, this would offset a portion of the decrease in collections but is not expected to entirely offset the revenue losses in the short term.

Local governmental units are not affected.

**III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES, OR NON-GOVERNMENTAL GROUPS (Summary)**

Affected taxpayers are anticipated to benefit by providing additional time to resolve outstanding liabilities. To the extent taxpayers elect to utilize a longer installment plan, monthly payments will decrease but overall tax liability increases as interest accumulates in time. LDR anticipates the proposed rule will effectively reduce the demand for formal installment agreements as most individual taxpayers will qualify for the informal installment agreements.

Taxpayers requesting a formal installment agreement must complete a Statement of Financial Condition and provide copies of bills. Often there are delays in establishing formal agreements because it takes the taxpayer awhile to complete the paperwork. The financial information has to be reviewed and approved by staff or appointed officials, depending on the years and the amount of debt.

Taxpayers now qualified for informal agreements are expected to experience less of an administrative burden. The taxpayers will be able to log onto LaTAP to establish the agreement without the current delays of more extensive paperwork.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated impact on competition or employment.

  
\_\_\_\_\_  
Signature of Head or Designee

*Designee*

*LUKE MORRIS, ASST Secretary*  
\_\_\_\_\_  
Typed Name & Title of Agency Head or Designee

*6/6/2024*  
\_\_\_\_\_  
Date of Signature

  
\_\_\_\_\_  
Legislative Fiscal Officer or Designee

*6/10/24*  
\_\_\_\_\_  
Date of Signature