

State of Louisiana
Department of Revenue

JOHN BEL EDWARDS
Governor



KIMBERLY LEWIS ROBINSON
Secretary

November 20, 2019

Via E-mail/R.R.R. to:

apa.h-wm@legis.la.gov

The Honorable Neil Abramson, Chairman
House Committee on Ways & Means
P.O. Box 94062
Baton Rouge, Louisiana 70804

apa.s-r&f@legis.la.gov

The Honorable Jean-Paul J. Morrell, Chairman
Senate Committee on Revenue & Fiscal Affairs
P.O. Box 94183
Baton Rouge, Louisiana 70804

RE: **Proposed Regulation LAC 61:III.4425**

Chairman Abramson and Chairman Morrell:

On August 9, 2019 a copy of the *Notice of Intent* issued by the Department of Revenue for the promulgation of the proposed regulation LAC 61:III.4425, *Notice and Validation of Local Taxing Authority Sales and Use Tax Exemptions and Exclusions*, was sent to your committee for review. The purpose of this *Notice of Intent* is to require Local Taxing Authorities to give notice of optional exemptions to the Uniform Electronic Local Return and Remittance Advisory Committee (the "Advisory Committee") and the Secretary of the Louisiana Department of Revenue ("LDR").

The *Notice of Intent* was published in the August 2019 issue of the *Louisiana Register*. A public hearing was held in the LaSalle Building on Wednesday, September 25, 2019. One attendee was present at the public hearing. Written comments were received from the same attendee. The attendee did not make oral comments at the hearing.

Written Comments from the Society of Louisiana Certified Public Accountants

Comment 1: Section D(1) of the proposed regulation lists the information that the taxing authority must provide. Not all of the local exemptions provide for an exemption for the full tax rate imposed by a taxing authority. In other words, some of the option exemptions are only partial-rate exemptions. We suggest that each authority should also be required to provide the full tax rate that it imposes and the extent to which a particular exemption is applicable to that rate.

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Response to Comment 1: The Advisory Committee feels that the information that the proposed rule requires local taxing authorities to provide already includes the information sought under this comment.

Comment 2: The introduction notes that “taxpayers and collectors must be informed of all sales and use tax exemptions . . .” However, there does not appear to be any requirement that the Advisory Committee or the Department of Revenue must make this information available to the public. Although this rule seems aimed at the preparation of a “tax collections system,” this information would be beneficial to all taxpayers. We suggest that the rule be amended to state that the Advisory Committee or Secretary shall prepare a table listing all local exemptions and exclusions and that table should be published on the Department’s website just as is the Department’s Exemption Table.

Response to Comment 2: While the Advisory Committee does recognize the benefit of local exemption and exclusion information to taxpayers, it does not feel it necessary to include such a requirement in the rule. It should be noted, that there is no rule or other mandate that LDR publish the exemption table that it publishes. It is the intent that the information will be shared with taxpayers in a yet to be determined manner.

In addition to the comments in connection with the public hearing, the Advisory Committee voted at its meeting on November 14, 2019 to add the following underlined text to Section (E)(2) of the proposed rule:

2. In the event the local taxing authority does not provide notice in the manner prescribed in subsections D and E of this section, the advisory committee shall design and implement the tax collection system from the best information available to them. The advisory committee may rely on information provided by the central sales tax collector in and for the local taxing authority’s parish in the event the local taxing authority does not provide notice in the manner prescribed in subsections D and E of this section.

In addition, the date for local taxing authorities to provide the required information will be changed from January 1, 2020 to February 1, 2020 in Section (D)(1) to allow the local taxing authorities sufficient time to comply with the rule after it is finalized by publication in the January 2020 edition of the *Louisiana Register*. This change will be reflected as follows:

1. By ~~January~~ February 1, 2020, all local taxing authorities shall provide the advisory committee with a listing of optional sales and use tax exemptions and exclusions adopted by local ordinance pursuant to state law. . . .

A redline of the full NOI reflecting these two changes is attached for you convenience. These changes are for clarification and do not constitute substantial changes.

Unless otherwise directed, the proposed rule will be submitted for publication as a final rule in the January 2020 edition of the *Louisiana Register*. Should you have any questions or need additional information, please contact me at (225) 219-2700.

Sincerely,

A handwritten signature in blue ink, consisting of a large, stylized 'K' followed by a series of overlapping loops and a long horizontal stroke.

Kimberly Lewis Robinson
Secretary