

## NOTICE OF INTENT

### Department of Revenue Policy Services Division

#### Lessors of Motor Vehicles—Electronic Filing Requirement (LAC 61:III.1511)

Under the authority of R.S. 47:1511, 1520, and 48:77 and in accordance with the 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.1511. This proposed Rule will require that renters and lessors of motor vehicles electronically submit sales tax returns to the Louisiana Department of Revenue on which their revenues from motor vehicle leasing and renting, deductions, and tax collections pertaining thereto, are distinguishable on the electronic returns from revenues, deductions, and tax collections related to other sales taxable transactions of the dealers.

R.S. 47:1520(A) authorizes the secretary to mandate electronic filing of tax returns and reports under certain circumstances, including when the report is required for dedicated fund distribution. R.S. 47:1520(A)(2) provides that the electronic filing requirement be implemented by administrative rule. R.S. 47:1520(B) contains penalty provisions for dealers' failure to comply.

Acts 2008 2nd Ex. Sess., No. 11 enacted R.S. 48:77(A) to dedicate percentages of the sales tax collections from motor vehicle leases and rentals to the Transportation Trust Fund beginning July 1, 2008. This information is not separately reported on the sales tax return and there is no space to add the lines to the current tax return. Mandated electronic filing for motor vehicle leasing and renting dealers was selected because it is the most cost-effective means to obtain the required sales tax data.

#### Title 61

#### REVENUE AND TAXATION

#### Part III. Department of Revenue—Administrative Provisions and Miscellaneous

#### Chapter 15. Electronic Filing and Payments

#### §1511. Lessors of Motor Vehicles—Electronic Filing Requirement

##### A. Definitions

*Motor Vehicle*—any self-propelled device used to transport people or property on the public highways.

B. R.S. 48:77 dedicates a percentage of the sales tax collections from the motor vehicle leases and rentals to the Transportation Trust Fund effective July 1, 2008.

C. Beginning with the July 2008 filing period, dealers who collect sales tax on motor vehicle leases and rentals are required to file their sales tax returns electronically with the Department of Revenue using the electronic format prescribed by the department.

1. The electronic sales tax return will provide for the separate reporting of the sales tax collected on motor vehicle leases and rentals.

2. The electronic sales tax return will provide for separate reporting of exempt motor vehicle leases and rentals.

D. Failure to comply with this electronic filing requirement will result in the assessment of a penalty of \$100 or five percent of the tax, whichever is greater, as provided by R.S. 47:1520(B).

1. If it is determined that the failure to comply is attributable, not to the negligence of the taxpayer, but to other cause 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.

2. If the penalty exceeds \$25,000, it may be waived by the secretary only after approval by the Board of Tax Appeals.

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511, 47:1520, and 48:77.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 34:

#### Family Impact Statement

As required by Act 1183 of the 1999 Regular Session of the Louisiana Legislature the following Family Impact Statement is submitted to be published with the Notice of Intent in the *Louisiana Register*. A copy of this statement will also be provided to our Legislative oversight committees. Implementation of this proposed Rule will have no effect 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.

Interested persons may submit data, views, or arguments, in writing to Raymond Tangney, Senior Policy Consultant, Policy Services Division, P.O. Box 44098, Baton Rouge, LA 70804-4098 or by fax to (225) 219-2759. All comments must be submitted by 4:30 p.m., Monday, July 28, 2008. A public hearing will be held on Tuesday, July 29, 2008, at 1:30 p.m. in the River Conference Room on the Seventh Floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA 70802-5428.

Cynthia Bridges  
Secretary

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

#### RULE TITLE: Lessors of Motor Vehicles Electronic Filing Requirement

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

This proposed rule will require dealers who lease or rent motor vehicles to electronically submit sales tax returns in a prescribed format, use of which will enable the department to identify and dedicate sales tax revenues from motor vehicle leasing and renting in accord with the provisions of R.S. 48:77. The department's costs to design, maintain, instruct businesses in the use of the system, and to perform the accounting functions to dedicate revenues in the correct amounts to the Transportation Trust Fund are initially being absorbed within the department's existing budget. Some minimal enhancement of the department's budget will be required in the future to maintain these functions on an ongoing basis without diverting resources from other programs.

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

This proposed rule, which will require dealers who lease or rent motor vehicles to electronically submit state sales tax returns in a prescribed format, will have no impact on the

revenue collections of state or local governmental units. The only impact will be to change the funds into which the revenue is placed.

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

Motor vehicle leasing and renting dealers will be required to submit their sales tax returns electronically. These businesses will typically already own the computer hardware and already have the Internet access capability to enable them to quickly submit the electronic returns required by this proposed rule. The costs to taxpayers should, therefore, be negligible.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed rule should not affect competition or employment.

Cynthia Bridges  
Secretary  
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