

NOTICE OF INTENT

Department of Revenue Policy Services Division

Withholding by Professional Athletic Teams
(LAC 61:I.1520)

Under the authority of R.S. 39:100.1, R.S. 47:164(D), R.S. 47:295, R.S. 47:1511, and R.S. 47:1602.1, 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:I.1520 relative to the withholding of Louisiana individual income tax by professional athletic teams for nonresident team members who render services to the team.

Act 1203 of the 2001 Regular Session enacted R.S. 39:100.1, which created a fund in the state treasury called the Sports Facility Assistance Fund (the fund). Each year, the treasurer must pay into the fund an amount equal to the income tax collected by the state from nonresident professional athletes and professional sports franchises on income earned in Louisiana. The monies in the fund are appropriated dollar-for-dollar to the owners of the facilities at which the money that generated the income tax was earned. The purpose of this regulation is to enable the Department of Revenue to accurately attribute the income tax collected from nonresident professional athletes and professional sports franchises to the fund.

Act 119 of the 2003 Regular Session enacted R.S. 39:100.1(D) that authorized the Secretary of Revenue to prescribe regulations necessary to carry out the purposes of R.S. 39:100.1. This proposed regulation will require periodic withholding for professional athletic teams domiciled outside Louisiana on their nonresident team members. It will also clarify that these teams are required to follow current withholding provisions for their team members who are residents of Louisiana.

The full text of this proposed Rule can be viewed in the Emergency Rule Section of this issue of the *Louisiana Register*.

Family Impact Statement

The proposed adoption of LAC 61:I.1520, regarding withholding by professional athletic teams, should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability and autonomy. Specifically, the implementation of this proposed rule will have no known or foreseeable 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.

Any interested person may submit written data, views, arguments or comments regarding this proposed Rule to Michael D. Pearson, Senior Policy Consultant, Policy Services Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098. All comments must be received no later than 4:30 p.m., Monday, November 24, 2003. A public hearing will be held on

Tuesday, November 25, 2003, at 10:00 a.m. in the Calcasieu Room, on the second floor of the LaSalle Building, 617 North Third Street, Baton Rouge, LA.

Cynthia Bridges
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: **Withholding by Professional Athletic Teams**

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

Implementation of this proposed regulation, which will require periodic withholding for professional athletic teams domiciled outside Louisiana on their nonresident team members, and imposes a penalties for failure to file required withholding tax returns or timely remitting payment, will result in one time expenditures of as much as \$50,000 administrative costs for the department. These costs will be incurred for modifications to withholding and income tax returns, computer program design and specifications, testing and run time. There would be no ongoing cost associated with this legislation. There will be no impact on local government costs.

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

This proposed regulation might result in additional revenue collections if it encourages compliance with existing law. The amount of revenue that could be generated is indeterminable. However, any penalties collected would be deposited as state general fund revenues. In addition to penalties, any taxes collected due to compliance resulting from this legislation would be deposited in the statutory dedicated Sports Facility Assistance Fund. There will be no effect on revenue collections of local governmental units.

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

Any nonresident professional athletic team that pays compensation to a nonresident individual for service rendered to the team within Louisiana shall be required to withhold Louisiana individual income tax from compensation for services rendered for each game played in Louisiana. The team must file a withholding return and remit payment. The return must include a detailed annual reconciliation schedule that includes all team members receiving Louisiana income. Detail for nonresident team members must include total duty days, Louisiana duty days, total compensation, Louisiana compensation, and amount deducted and withheld. An exception can be granted for teams agreeing to file composite returns and remit composite payments. The additional cost of preparing the schedules should be minimal.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed regulation should have no effect on competition or employment.

Cynthia Bridges
Secretary
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H. Gordon Monk
Staff Director
Legislative Fiscal Office