

# **Sales Tax Streamlining and Modernization Commission**

Minutes of Meeting  
2019 Interim  
April 2, 2019

## **I. CALL TO ORDER**

Representative Julie Stokes, chairman of the Sales Tax Streamlining and Modernization Commission, called the meeting to order at 9:43 a.m. in Room 6, in the state capitol in Baton Rouge, Louisiana. The secretary called the roll.

## **II. ROLL CALL**

### **MEMBERS PRESENT:**

Representative Julie Stokes, chair  
Mr. Don Allison  
Mr. Roger Bergeron  
Mr. Jay Campbell  
Ms. Melanie David  
Representative Paula Davis, vice chair  
Mr. Jason DeCuir  
Mr. Gary Dressler  
Ms. Jessica Elliott  
Mr. Dannie Garrett  
Ms. Amber Hymel  
Mr. Luke Morris  
Mr. Thomas Cole for Mr. Darryl Purpera  
Ms. Dawn Starns  
Mr. Mark West

### **MEMBERS ABSENT:**

Ms. Jessica Elliott  
Mr. Will Green  
Mr. Joseph Henchman  
Senator Gary L. Smith  
Ms. Jeanine Theriot  
Senator Rick Ward

**STAFF MEMBERS PRESENT:**

Alison Pryor, attorney  
Catherine Zeringue, attorney  
Trinicia Bryant, secretary

**ADDITIONAL ATTENDEES PRESENT:**

Danny Leming, House sergeant at arms  
Fate Mitchell, Senate sergeant at arms

**III. DISCUSSION****Update on the status of the work of the Louisiana Sales and Use Tax Commission for Remote Sellers**

Mr. Luke Morris, assistant secretary, La. Dept. of Revenue (LDR), 617 North Third Street, Baton Rouge, LA 70802, (225) 219-4059, shared that the commission formed a technology subcommittee which has been collecting comments from contractors with ability to handle the streamlining process. The commission also heard a presentation on the Dept. of Revenue's DELTA system which houses all tax returns.

Mr. Dannie Garrett, III, Louisiana School Boards Association, 635 Main Street, #3, Baton Rouge, LA 70801, asked a series of questions, to which Secretary Kimberly Robinson, (LDR), 617 North Third Street, Baton Rouge, 70802, (225) 219-4059, and Mr. Luke Morris addressed.

Mr. Garrett had follow-up questions regarding dealer registration, to which Secretary Robinson replied that remote sellers will be able to register as dealers when the commission has software to collect the destination rate. Secretary Robinson also stated it is voluntary to register upon meeting the thresholds and collecting the tax at a flat rate rather than at destination rates.

**Update from the Louisiana Uniform Local Sales Tax Board**

Mr. Roger Bergeron, executive director, La. Uniform Local Sales Tax Board (ULSTB), P.O. Box 404, Port Allen, LA 70767, addressed the commission that since the last STSMC meeting, the main topic discussed was the lawsuit filed entitled *West Feliciana et al versus Office of Motor Vehicles and the Uniform Local Sales Tax Board*. In February, the 19<sup>th</sup> JDC ruled in favor of petitioners, and the ULSTB has voted to file an appeal of that ruling before the Supreme Court since it was a constitutional issue. The Supreme Court will conduct a de novo review.

Mr. Bergeron then informed the commission that one of those mandates was the establishment of the Voluntary Disclosure Program, which has been promulgated and published as Louisiana Administrative Code 72:I.105, effective May 1, 2019. The ULSTB has adopted a policy and procedure to implement the program, yet additional time is needed to develop an electronic processing system through the board's website.

Chairman Stokes and Mr. Bergeron discussed funding since the 19<sup>th</sup> JLC temporarily suspended the funding mechanism. While the appeal is underway, Office of Motor Vehicles (OMV) will continue to collect and withhold the stipulated amounts until the Supreme Court rules.

Mr. Jason DeCuir, La. Association of Business and Industry, Ryan, LLC, 301 Main Street, #1500, Baton Rouge, LA 70801, and Mr. Bergeron discussed the process and cited basic eligibility rules of the Voluntary Disclosure Agreement (VDA). Mr. Bergeron stated that the ULSTB is vested with the authority to approve the agreement based on those qualifications, absent material, misrepresentation, or fraud on the part of the taxpayer. Mr. Bergeron cited examples of actions that could void an agreement based on certain conditions. Last, Mr. DeCuir and Mr. Bergeron discussed the board-approved process and VDA disclosures in multiple parishes.

Ms. Dawn Starns, National Federation of Independent Business, 530 Lakeland Drive, Suite 201, Baton Rouge, LA 70801, referenced the software the Remote Sellers Commission is currently working on and inquired as to whether or not the ULSTB and the STSMC had considered using the certified service providers through the streamlining agreement at the national level rather than writing new software for Louisiana.

Ms. Amber Hymel, La. Multi Parish Tax Commission, Jefferson Davis Parish Administrator, 203 E. Plaquemine Street, Jennings, LA 70546, shared that according to the rule book, the VDA process provides the board one single place for taxpayers to submit their information, and that if taxpayers choose to go to different parishes, they have the right to do so. The ULSTB will collect information from taxpayers (it can be anonymous) and the information would be reviewed, approved, and forwarded to the collector to sign off.

### **Discussion of Steps to Author a Final Report of the Sales Tax Streamlining and Modernization Commission**

Representative Stokes referenced Exhibit A, *STSMC Report Proposal and Bill*, what items will remain a problem.

Ms. Stokes asked commission members to move to the spreadsheet, Exhibit E, *House Bill No. 555 of the 2019 Regular Session*, which lists proposed legislation. This bill changes 15 exclusions to exemptions; consolidates six exemptions; extends four exemptions to local government, and repeals 13 exemptions.

Ms. Stokes moved to Exhibit B, *Proposed House Bill 2019 Regular Session*, and discussed the last column, "*State/Local Base Variances following Act 1 of the 2018 Third Extraordinary Session*". Representative Stokes explained that the new Act No. 1 from last year created a base problem that did not previously exist. These were areas in which Act. No. 1 created a base variance.

Representative Stokes returned to Exhibit A, Page 1, with a recommendation to the commission to move Louisiana out of 50<sup>th</sup> place based on its high sales tax rate and complexity of its system. Ms. Stokes explained some of the outliers, such as sales tax holidays, prescription drugs, food for home consumption, and telecommunications as they relate to an outline for the Sales Tax Streamlining's final report.

#### **Discussion of House Bill No. 555 for the 2019 Regular Session**

Mr. Jay Campbell, Public Affairs Research Council of La., 4664 Jamestown Avenue, Suite 300, Baton Rouge, LA 70808, and Representative Stokes discussed whether a Uniform Local Sales Tax Board as well as the La. Sales and Use Tax Commission for Remote Sellers would be necessary if a centralized sales tax collection system were in place.

Mr. Gary Dressler shared his thoughts with the commission on streamlining for the state of Louisiana, the use of software, as well as one collector.

Mr. DeCuir and Ms. Stokes discussed House Bill No. 555 and complimentary legislation.

Mr. Allison inquired about state and local base variances and what occurred once Act No. 1 was passed during the 2018 Extraordinary Session.

Mr. Dressler shared that the biggest problem for the state is the Louisiana tax law complexity along with the implications of exclusions and exemptions. He also noted that on Exhibit D, *Remains a Problem*, Page 7, Item 68, identifies R.S. 47:305.18, which is state only, but R.S. 47:305.14 is ultimately the same thing. Mr. Dressler suggested repealing R.S. 47:305.18.

Mr. Campbell asked whether Representative Stokes was looking for endorsement from the commission for both pieces of legislation, House Bill No. 555 and the unnamed, proposed, unfiled legislation. Mr. Campbell added that if the commission would endorse such legislation it would do much toward the state's exclusions and exemptions, and he offered a motion to do so. After further discussion, the motion was withdrawn.

#### **IV. OTHER BUSINESS**

There was no other business.

## **V. ADJOURNMENT**

Ms. Jeanine Theriot offered a motion to adjourn. The motion passed by a vote of 14 yeas and 0 nays. Representative Stokes, Mr. Bergeron, Mr. Campbell, Ms. David, Representative Davis, Mr. DeCuir, Mr. Dressler, Ms. Elliott, Mr. Garrett, Mr. Morris, Mr. Cole, Ms. Theriot, and Mr. West voted yeas. The meeting was adjourned at 12:05 p.m.

Respectfully submitted,

Chairman Julie Stokes  
Joint Committee on Sales Tax Streamlining and Modernization Commission