



Officers, 2024-2025

Mollie L. Miller
Chair
Fresenius Medical Care
North America

Jamie S. Laiewski
Vice Chair
Charter Communications

Karen DiNuzzo-Wright
Secretary & Treasurer
Walmart Inc.

Michael F. Carchia
Immediate Past Chair
Capital One Services, LLC

Robert J. Tuinstra, Jr.
Past Chair
Corteva Agriscience

Arthur J. Parham, Jr.
Past Chair
Energy Services, LLC

Amy Thomas Laub
Past Chair
Nationwide Insurance Company

Patrick J. Reynolds
President
Council On State Taxation

Directors

Madison J. Barnett
The Coca-Cola Company

C. Benjamin Bright
HCA Healthcare, Inc.

Lani J. Canniff
Ameriprise Financial, Inc.

Susan Courson-Smith
Pfizer Inc.

Kathryn S. Friel
Energy Services, LLC

Damian B. Hunt
Amazon

Laura James
Kimberly-Clark Corporation

Jeffrey A. Langer
The Home Depot

Stephen J. LaRosa
Alexion Pharmaceuticals, Inc.

Jonathan M. Mieritz
Corteva Agriscience

Toni Mincic
Lumen Technologies

John H. Paraskevas
Exxon Mobil Corporation

Michael R. Raley
VF Corporation

Patrick A. Shrake
Cargill, Incorporated

Kyle Snedaker
Conagra Brands, Inc.

Andrew H. Solomon
Stagwell, Inc.

Beth L. Sosidka
AT&T Services, Inc.

Archana Warner
Constellation Energy
Corporation

Leonore F. Heavey
Senior Tax Counsel
(202) 484-5221
lheavey@cost.org

November 18, 2024

Via E-mail

Senator Franklin J. Foil, Chair
Senator Sam Jenkins, Vice Chair
Louisiana State Senate Revenue and Fiscal Affairs Committee

Re: Opposition to Repeal of Vendor’s Compensation in House Bill 10

Dear Chair Foil, Vice Chair Jenkins, and Members of the Committee:

On behalf of the Council On State Taxation (COST), I respectfully urge you to remove the provision in House Bill 10 that eliminates vendor’s compensation. A fair and efficient sales tax system should provide some compensation to help defray the cost of collecting, remitting, and reporting sales tax that retailers and other dealers collect as the State’s agents. As you continue your conversations on comprehensive tax reform, the elimination of vendor’s compensation is a step in the wrong direction.

About COST

COST is a non-profit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business, many of which directly do business in Louisiana. COST’s objective is to preserve and promote the equitable and non-discriminatory state and local taxation of multijurisdictional business entities.

COST Opposes the Repeal of Vendor’s Compensation

The COST Board of Directors has adopted a formal policy position that outlines the essential elements of a fair and efficient sales tax system, one element of which is a reasonable rate of seller compensation.¹ That policy position provides:

A sales, use or similar transaction tax should be easily administered, easily understood by consumers, and nondiscriminatory between similarly situated sellers and purchasers. As appropriate, the states working in concert and/or Congress should establish uniform standards by which the states should simplify and reform their sales, use or similar transaction tax systems for all sellers and purchasers.

¹ The COST policy position on Simplification of the Sales, Use or Similar Transaction Tax System can be found at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/simplification-of-the-sales-and-use-and-similar-transaction-tax-system---final-revised-june-2021.pdf>

Importantly, under a simplified system, the administration of the tax should not differ based on the type of presence a seller has in a state.

Specifically, the policy position provides a fair, efficient, and easily administered sales tax system should include “[a]dequate compensation to cover expenses incurred by a seller in administering, collecting, and remitting sales, use or similar transaction taxes.” House Bill 10 completely eliminates vendor’s compensation in direct contravention of sound tax policy. Vendor’s compensation provides a modest amount of compensation that helps offset the costs to retailers of collecting the sales tax on behalf of the state. The current rate of vendor’s compensation (which is capped at \$1,500 per month and does not apply to the R.S 47:321.1 levy made permanent by HB 10) does not come close to covering the entire cost, but at least provides some relief.

Repeal of Vendor’s Compensation Will Lower Louisiana’s Sales Tax Grade

COST’s Sales Tax Scorecard² focuses on specific sales tax administration issues and objectively evaluates state statutes and rules that govern state and local tax departments’ administration of their sales taxes. In the most recent scorecard, Louisiana’s score was “F.” One of the factors that led to that grade is the capping of vendor’s compensation. It should be noted that an unrelated sales tax bill in the reform package, House Bill 8 by Representative Brass, Vice Chair of the House Committee on Ways and Means, if enacted would move Louisiana’s score to a “D” because it provides statutory authority for the taxation of digital goods. However, if both HB 8 and HB 10 are enacted in their current form, the grade will remain as an “F.” If HB 10 in its current form is passed without the enactment of HB 8, Louisiana’s score will move deeper into the red.

Conclusion

We respectfully encourage you to at a minimum retain the current level of vendor’s compensation and consider increasing the percentage, expanding the percentage to the R.S. 47:321.1 levy, and increasing or eliminating the cap. Please let us know if we can provide additional assistance.

Respectfully,



Leonore F. Heavey

cc: COST Board of Directors
Patrick J. Reynolds, COST President & Executive Director

² COST’s 2022 Sales Tax Scorecard “The Best and Worst of State Sales Tax Systems” can be found at: https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-studies-articles-reports/270677_cost_salestaxbk_2022_final.pdf