

Department of Finance and Administration

Legislative Impact Statement

Bill: SB525

Bill Subtitle: TO REVERSE CHANGES MADE UNDER ACT 819 OF 2019 AND RETURN THE ADMINISTRATION AND COLLECTION OF THE FRANCHISE TAX TO THE SECRETARY OF STATE; AND TO DECLARE AN EMERGENCY.

Basic Change :

Sponsors: Sens. B. Sample, Caldwell, J. Dismang

Act 819 of 2019 will transfer the administration and collection of franchise tax from the Secretary of State to the Department of Finance and Administration (DFA) on May 1, 2021. SB525 reverses that portion of Act 819 of 2019 by transferring the duty for administering and collecting franchise tax from DFA back to the Secretary of State.

Revenue Impact :

None.

Taxpayer Impact :

A taxpayer will continue to report and pay franchise tax to the Secretary of State.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

SB525 reverses the changes made by Act 819 of 2019 by completely returning the administration and collection of franchise tax to the Secretary of State.

Act 819 of 2019 transferred the administration and collection of franchise tax from the Secretary of State to DFA, effective May 1, 2021. In order to provide taxpayers with a seamless transition before the filing deadline, DFA began administering franchise tax effective January 1, 2021 pursuant to a Memorandum of Understanding with the Secretary of State. SB525 transfers the administration and collection of franchise tax back to the Secretary of State, but certain taxpayers already filed their franchise tax reports with DFA. SB525 adds an exemption to the prohibition of the disclosure of confidential taxpayer records for information necessary to identify those corporations that already filed

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or paid franchise tax to DFA. This exemption allows DFA to share information with the Secretary of State regarding corporations that already filed or paid their franchise tax.

SB525 contains an emergency clause and would become effective on the date of its approval by the Governor; the expiration of the time during which the governor may veto SB525; or, if vetoed, the date the last house overrides the veto.