



Occupational License Tax FAQ Bulletin

What happens if a business refuses to obtain an occupational license and continues to operate within the municipality?

La. R.S. 47:351 provides the municipal tax collector with two options when a taxpayer fails to pay the occupational license taxes due.

(1) The collector may file a rule to show cause with the Board of Tax Appeals or district court praying for a judgment for the tax, penalties, interest, and costs of the proceedings. That rule is a summary proceeding that must be heard within the window of 2 to 10 business days and can even be heard in chambers. The judgment prepared by the collector should also include an order to immediately cease doing business until the judgment is paid in full. The judgment from either body is subject to appeal. Once appeal delays have run, the final ruling from either body may be made executory through orders of contempt (for the cease and desist order) and through judgment debtor proceedings or a writ of seizure for the money owed.

(2) The second option is not mutually exclusive and may be pursued in tandem with option one above. The collector would employ the assessment protocol provided in La. R.S. 47:337.48 – *i.e.*, provide a notice of intent to assess via regular mail giving 15 days to pay, then executing the formal assessment, then providing a notice of assessment via certified mail giving 30 days to pay. If they fail to timely comply with either or appeal the assessment, the assessment will be enforced through seizure and sale of any property or rights to property of the taxpayer including goods, chattels, effects, stocks, securities, bank accounts, evidences of debt, wages, real estate and other forms of property – it's called distraint and sale.

Option one provides an order to cease doing business with a final judgment and is a summary proceeding, but it can be costly, and the municipality has to front the money and wade through the executory process to get it back. Option two puts the burden on the taxpayer to front the costs of getting the matter before an arbiter, but there is no entitlement to a cease and desist order.

Do contractors doing business within a municipality have to pay occupational license taxes to that municipality?

Maybe – it depends on where the contractor's principal place of business is located. The Attorney General's office, in interpreting La. R.S. 47:362, has been consistent in holding that contractors are assessed OLT taxes **only** by the jurisdiction in which their principal place of business is located. The OLT provisions are silent as to how that venue is determined, but the jurisprudence indicates that the court examines the corporate filings with the Secretary of State, the domicile as listed with the State Licensing Board for Contractors, and the previous occupational license tax certificates issued pursuant to the contractor's designation on occupational license applications. So even though a contractor may do business within a municipality, he/she only pays OLT in the jurisdiction in which they have their principal place of business as determined above.