

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2610-01
Bill No.: HB 1150
Subject: Revenue Dept.; Administrative Law; Taxation & Revenue - General, Sales and Use; Business and Commerce
Type: Original
Date: January 8, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of the State Courts Administrator (CTS)**, the **Attorney General's Office (AGO)** and the **Office of Administration, Administrative Hearing Commission (AHC)** assume this bill has no fiscal impact to their agencies.

Officials of the **Office of the Secretary of State (SOS)** assume this bill establishes procedures relating to assessment and collection of taxes for the DOR. DOR may promulgate rules to implement this bill. These rules will be published in both the *Missouri Register* and the *Code of State Regulations*. Based on experience with other divisions, the rules, regulations and forms issued by DOR could require as many as 10 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual cost for FY03 is estimated at \$615 but could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Department of Revenue (DOR)** did not respond to our fiscal note request. However, in a similar proposal, DOR stated this legislation allows abatement and prospective application of taxes in certain situations.

DOR stated the Division of Taxation, Business Tax Bureau will need three Tax Processing Technicians to answer correspondence relating to the new notice and aging process. Four Field Auditors and two Attorneys will be needed by the Department to review audit cases and present/testify at hearings. All equipment and expense relating to these FTE will also be requested.

Oversight assumes, for purposes of this fiscal note, this proposal would decrease compliance in the areas of corporate income tax and sales/use tax collections. This amount is unknown, therefore Oversight will reflect the revenue impact of this proposal as a negative unknown to various state and local funds. In addition, Oversight assumes DOR can utilize existing personnel to handle the abatements, correspondence, audit reviews, and to present/testify at hearings.

This legislation could decrease total state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
VARIOUS STATE FUNDS			
<u>Loss -</u>			
Decrease in tax compliance	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
TOTAL ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2003 (10 Mo.)	 FY 2004	 FY 2005
 VARIOUS LOCAL FUNDS	 <u>(UNKNOWN)</u>	 <u>(UNKNOWN)</u>	 <u>(UNKNOWN)</u>

FISCAL IMPACT - Small Business

Small businesses would expect to be fiscally impacted only to the extent that they receive abatement on prior taxes due and must file and pay sales or corporate income tax in the future.

DESCRIPTION

This act authorizes the Department of Revenue (DOR) and the Administrative Hearing Commission (AHC) to negotiate with taxpayers or their agents to compromise all or part of the tax liability of a taxpayer in certain situations.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

State Courts Administrator
Office of the Attorney General
Office of Administration
 Administrative Hearing Commission
Secretary of State

NOT RESPONDING: Department of Revenue

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized initial "M".

Mickey Wilson, CPA
Acting Director

January 8, 2002