

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3111-01  
BILL NO.: HB 1638  
SUBJECT: Revenue Dept.; Taxation and Revenue-General  
TYPE: Original  
DATE: April 26, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Department of Revenue (DOR)** state this legislation includes in sections 143.661 and 621.050 the burden of proof language that was passed last year.

The Department is unsure of the affect, if any, adding the language to these sections will have. The administrative and revenue impact is unknown until the courts interpret the meaning of these sections.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>GENERAL REVENUE FUND</b>			
<u>Loss -General Revenue Fund</u>			
Burden of Proof	(Unknown)	(Unknown)	(Unknown)
 <u>FISCAL IMPACT - Local Government</u>	 FY 2001 (10 Mo.)	 FY 2002	 FY 2003
	\$0	\$0	\$0

**FISCAL IMPACT - Small Business**

Small businesses could be expected to be fiscally impacted to the extent that on tax issues the “burden of proof” would be shifted from the taxpayer to the taxing authority.

**DESCRIPTION**

This bill shifts the burden of proof in income tax cases to the Department of Revenue when the taxpayer:

- (1) produces evidence establishing that there is a reasonable dispute with respect to the issue;
- (2) provides adequate records of its transactions; and
- (3) does not have more than 500 employees and does not exceed a net worth of \$7 million, in the case of a partnership, corporation, or trust.

L.R. NO. 3111-01  
BILL NO. HB 1638  
PAGE 3 OF 3  
April 26, 2000

DESCRIPTION (Continued)

All laws imposing an income tax will be strictly construed against the taxing authority. The bill includes cases before the Administrative Hearing Commission. The bill does not apply to issues regarding the applicability of income tax exemptions or credits.

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

Department of Revenue



Jeanne Jarrett, CPA  
Director  
April 26, 2000