

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3182-01
BILL NO.: HB 1782
SUBJECT: Revenue Dept.; Taxation and Revenue-General
TYPE: Original
DATE: March 29, 2000

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Department of Revenue (DOR) officials state this legislation places the burden of proof on the Department of Revenue in cases with large corporations and in cases with exemptions and credits.

DOR staff state the impact of this legislation is unknown and the revenue loss is expected to be significant.

Oversight assumes this proposal expands the "burden of proof" language in the statute to apply to tax exemptions, tax credits and large corporate taxpayers in general. This expansion could place additional responsibility on the DOR to prove amounts on tax billings and assessments. Administrative costs and revenue reduction related to this proposal cannot be estimated with any degree of confidence. It depends largely on the extent to which DOR currently assesses tax prior to examination of available records. DOR did not provide specific information on this issue.

This proposal could result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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VARIOUS STATE FUNDS

<u>Loss - Various State Funds</u>			
Burden of Proof	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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<u>Loss - Burden of Proof</u>	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)
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FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that on tax issues the "burden of proof" in cases of tax credits and exemptions would be shifted from the taxpayer to the taxing authority.

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DESCRIPTION

This bill expands the burden of proof shift from the taxpayer to the Department of Revenue by shifting the burden to the department on any claim of tax exemption or credit. The taxpayer and claim must meet certain criteria.

The bill also removes the exemption from the burden of proof shift currently imposed on corporations, trusts, or partnerships with a net worth of \$7 million or more and having 500 or more employees.

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
March 29, 2000