

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3839-01  
Bill No.: HB 1408  
Subject: Taxation and Revenue - General  
Type: Original  
Date: January 26, 2010

Bill Summary: Would reduce the time period before interest is paid on overpayments of tax from 4 months to 45 days.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the State Treasurer** assumed a similar proposal (HB 1514 LR 3634-01) would have no fiscal impact on their organization.

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assumed a similar proposal (HB 1514 LR 3634-01) would not result in added cost to their organization. BAP officials stated that the Department of Revenue should provide the estimate of possible increased costs to GR as a result of the reduced time before interest is paid on overpayments of tax from four months to 45 days.

Officials from the **Department of Revenue** (DOR) noted that this proposal would require their organization to pay interest on overpaid taxes if overpayments are not refunded within 45 days instead of the 120 days allowed by current provisions. DOR officials stated that they would have difficulty meeting this requirement and assume the requirement would create an unknown negative impact on Total State Revenue in excess of \$100,000 per year.

**Oversight** will indicate an revenue reduction of more than \$100,000 per year for this proposal beginning with FY 2011. Oversight assumes that a full year impact would be incurred in FY 2011 since this proposal would become effective in August of 2010 and substantially all refunds for filings in FY 2011 would be subject to the new provisions.

DOR officials stated that their organization and OA-ITSD (DOR) would need to make programming changes to the Corporation Income Tax System (COINS), the Corporate and Franchise (Tax) Entry System (CAFÉ), the Case Audit Management System (CAMS), the Withholding System (DWIT) and the individual income tax system (MINITS).

DOR officials estimated that the IT portion of the fiscal impact would be \$4,441 based on one FTE for one month, for modifications to the department's tax systems.

**Oversight** assumes OA-ITSD (DOR) is provided with core funding to handle a certain amount of normal activity each year. Oversight assumes OA-ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA-ITSD (DOR) could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
Revenue reduction - DOR			
Additional interest on refunds	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

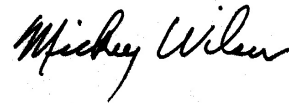
This proposal would reduce the time period before interest is paid on overpayments of tax from 4 months to 45 days.

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

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SOURCES OF INFORMATION

Department of Revenue

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

Mickey Wilson, CPA  
Director  
January 26, 2010