

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1166-04
Bill No.: Truly Agreed To and Finally Passed SS for HB 384
Subject: Taxation and Revenue - General
Type: Original
Date: June 15, 2015

Bill Summary: This proposal would provide a limited period of tax amnesty. Collections from the tax amnesty program not specifically restricted by the state constitution or state law would be deposited into a Tax Amnesty Fund and used to expand payments for certain MO Health Net benefits. The proposal would also authorize the Office of Administration and the Department of Revenue to create a reciprocal debt offset program by agreement with the federal government.

Other provisions would replace the current the Office of Taxpayers' Ombudsman with an Office of Taxpayer Advocate, amend the Missouri Taxpayer's Bill of Rights to include a right to fair and consistent application of Missouri tax laws, and create a Study Commission on State Tax Policy.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$17,039,971	(\$14,972,413)	(\$7,307,908)
Total Estimated Net Effect on General Revenue	\$17,039,971	(\$14,972,413)	(\$7,307,908)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 24 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Tax Amnesty *	\$0	\$0	\$0
Conservation Commission	Unknown	(Unknown)	(Unknown)
Parks, and Soil and Water	Unknown	(Unknown)	(Unknown)
Other state	Unknown	Unknown to (Unknown)	Unknown to (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown to (Unknown)	Unknown to (Unknown)

* Net of revenues and expenditures.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	0 FTE	11 FTE	11 FTE
Total Estimated Net Effect on FTE	0 FTE	11 FTE	11 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	Unknown	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 32.383, RSMo. - Tax Amnesty

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would create an amnesty from accrued penalties and interest on unpaid taxes, if taxes are appropriately filed and paid during a period from September 1, 2015 to November 30, 2015. BAP officials noted the provisions appear to be similar to a previous tax amnesty program enacted in FY 2003.

ASSUMPTION (continued)

BAP officials assume a total of \$75 million would be collected, including \$50 million already identified from DOR investigations completed or in process. BAP officials noted the \$50 million is considered part of the revenue base when the consensus revenue estimates are determined for current and future years. BAP officials assume the balance of \$25 million would be "new" revenues not previously identified.

BAP officials also assume 84.2% of total collections would be general revenue, based on the results of the amnesty program in FY 2003. BAP officials noted their estimates are based on income and sales tax liabilities; a small amount of additional funds may be collected if other taxes collected by DOR, such as tobacco taxes, are included in the amnesty.

BAP officials assume the proposed amnesty would persuade taxpayers to settle accounts in a more timely fashion than is typical, and this would have an additional positive cash flow impact in FY 2016, at the expense of payments that would otherwise have been received in later years.

BAP officials noted this version of the proposal would redirect the additional collections to a new dedicated fund, the "Tax Amnesty Fund," and specifies that expenditures from this fund are restricted to funding increases in adult dental care coverage and provider rate reimbursements. Excess funds may then be deposited into general revenue. BAP officials noted that budget bills appropriated \$40.1 million for the specified purposes, and assume any collections above \$40.1 million would be deposited to general revenue.

ASSUMPTION (continued)

BAP officials provided the following table of fiscal impact for the program (in millions).

Total State Revenue	Total	FY 2016	FY 2017	Subsequent Years
Amnesty collections	\$75.00	\$75.00	\$0.00	\$0.00
Normal collections	(\$50.00)	(\$13.60)	(\$22.80)	(\$13.60)
Difference	\$25.00	\$61.40	(\$22.80)	(\$13.60)
General Revenue	Total	FY 2016	FY 2017	Subsequent Years
Amnesty collections	\$23.10	\$23.10	\$0.00	\$0.00
Normal collections	(\$42.10)	(\$11.40)	(\$19.20)	(\$11.50)
Difference	(\$19.00)	\$11.70	(\$19.20)	(\$11.50)
Tax Amnesty				
Amnesty collections	\$40.10	\$40.10	\$0.00	\$0.00
Normal collections	\$0.00	\$0.00	\$0.00	\$0.00
Difference	\$40.10	\$40.10	\$0.00	\$0.00

Oversight notes this proposal would require all collections, other than amounts designated in the constitution or by state law, to be deposited into the Tax Amnesty Fund and used to provide an increase in the rate of reimbursement to MO HealthNet providers and an increase in the number of adults receiving dental coverage under MO HealthNet; amounts not used for such purposes would be deposited in the General Revenue Fund. Oversight has no information as to the specific other types of taxes that would be collected, or the fund or funds which would receive those collections.

ASSUMPTION (continued)

Oversight will include additional revenues in this fiscal note for the state Tax Amnesty Fund of \$40,100,000 and additional revenues for the General Revenue Fund of \$11.7 million for FY 2016. Oversight will include revenue reductions for the General Revenue Fund of \$19,200,000 for FY 2017, and \$11,500,000 for FY 2018.

Oversight will also indicate unknown additional revenues for the Conservation Commission Fund and the Parks and Soils and Water Funds, which are designated in the state constitution, and for the School District Trust Fund, for other state funds which are designated by state law, and for local governments, for FY 2016. Oversight will include unknown revenue reductions for those funds and entities for FY 2017 and FY 2018.

Officials from the **Department of Revenue (DOR)** noted this legislation would, in Section 32.383, grant amnesty from assessment or payment of penalties, additions to tax, and interest on unpaid taxes administered by the Department under chapters 32, 143, 144, and 147 for returns filed and payments made from September 1, 2015 to November 30, 2015. Amnesty would apply to only those tax liabilities due, or due but unpaid, on or before December 31, 2014. Other than those revenues earmarked by the Constitution of Missouri or Missouri statutes, or by subsection 9 of this provision, collections would be deposited into the "Tax Amnesty Fund".

DOR officials also noted this proposal would give the Department of Revenue the option to enter into an agreement with a third-party vendor to provide collection services and to assist with the administration of the amnesty program.

DOR officials assume this proposal could have a net positive impact on the newly created Tax Amnesty Fund of \$63.2 million and on Total State Revenue in fiscal year 2016 of up to \$72.8 million.

DOR officials estimate that \$75 million in total funds (\$63.2 million Tax Amnesty Fund) may be received through amnesty, but \$50 million total funds (\$42.1 million Tax Amnesty Fund) would have been previously identified as outstanding liabilities by the Department. DOR officials also assume that an overwhelming majority of the \$50 million, plus interest and penalties, could be collected without amnesty. Because the Department has processes and personnel in place to collect delinquent taxes, the \$50 million is taken into consideration when the consensus revenue estimates are determined.

ASSUMPTION (continued)

The Department estimated 340,000 taxpayers would be eligible to participate in the amnesty program. DOR officials noted that the Department is identifying more non-filers and under-reporters each week for periods that would qualify for amnesty, while other previously identified taxpayers are paying their amounts due. Therefore, the number of eligible taxpayers would change over time.

DOR officials assume the proposal may impact the Department of Elementary and Secondary Education, the Department of Agriculture, and the Department of Health and Senior Services, since DOR deposits several of the taxes it collects into funds those agencies administer. DOR officials also assume the proposal could affect local governments that impose sales or use tax.

Administrative Impact

DOR officials provided an estimate of cost for this program as follows, based on approximately 340,000 taxpayers known to be eligible for amnesty.

Postage, envelopes and printing

The cost estimate is $340,000 \times \$0.555 = \underline{\$188,700}$

Employee overtime

DOR officials estimate the Taxation Division would have costs for temporary employees and overtime for existing staff:

\$79,325 for existing staff to complete correspondence,
\$57,907 for existing staff to complete error corrections,
\$115,022 to key returns and payments, and
\$23,798 for customer contacts.

\$276,052 Total

ASSUMPTION (continued)

Advertising

DOR officials recommended an advertising budget of at least \$400,000, and stated that advertising the amnesty should enhance overall participation in the program, and could also help ensure that individuals and businesses not already in contact with the Department about their tax liabilities participate in the program.

DOR officials stated the \$400,000 estimated advertising cost reflects the Department's advertising cost for the previous amnesty program, updated for current advertising rates.

IT cost

DOR officials provided an estimate of IT cost of \$200,229 based on 2,670 hours of contract programming at \$75 per hour in FY 2016 to make changes to DOR systems and \$10,262 based on 137 hours of contract programming in FY 2017 support.

DOR officials stated the tax amnesty program would not be considered as a part of the Department's computer programs for routine processing; rather, it would provide the specific functions required for collecting and processing nonrecurring revenues. In addition, the tax amnesty programming would include the tracking required to implement the extended compliance requirement for amnesty recipients.

DOR officials stated the proposed tax amnesty to could delay implementation of the Integrated Revenue System project to 2018 but did not provide an estimate of additional cost.

Oversight will assume for fiscal note purposes any delay in the Integrated System Project would not be directly related to this proposal and will not include any cost for that delay in this fiscal note.

ASSUMPTION (continued)

Oversight has summarized the DOR estimate of cost to implement the program in the following table.

Category	FY 2016	FY 2017
Overtime and temporary employees	\$276,052	\$0
Benefits at 52.005%	\$143,561	\$0
IT contractors	\$200,229	\$10,272
Letters	\$8,500	\$0
Envelopes	\$13,600	\$0
Postage	\$166,600	\$0
Advertising	\$400,000	\$0
Totals	\$1,208,542	\$10,272

Oversight will adjust the employee benefit rate to 25.55% per OA budget guidelines; the adjusted employee benefit amount is \$70,531. Otherwise, Oversight will assume the DOR estimate of cost to implement the tax amnesty program is the best available estimate and will use those costs in this fiscal note.

Officials from the **Department of Social Services (DOSS)** assume this provision would have no fiscal impact on their organization.

ASSUMPTION (continued)

Section 32.385, RSMo. - Debt Offset Program:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal would allow the State of Missouri to establish a reciprocal agreement to offset federal vendor payments for any state debt and to offset state tax refunds and state vendor payments for debts owed to the federal government. BAP officials noted because this is money already owed to the state, Total State Revenues would increase by the amount collected; however, there would be no impact to the calculation required under Section 18(e) of the state constitution.

BAP officials estimated this proposal would bring in an additional \$7 million in FY 2016, \$5.1 million in FY 2017, and \$5 million in FY 2018, based on information provided by the Department of Revenue.

DOR officials noted this provision would allow the Director of Revenue and the Commissioner of Administration to enter into a reciprocal collection and debt offset agreement with the federal government. DOR officials assume the Department would be responsible for the education of other state agencies, and would incur postage costs.

DOR officials deferred to the Office of Administration - Information Technology Services Division for an estimate of the IT cost to implement this proposal.

Oversight notes the DOR response assumes their organization would incur postage costs for the debt offset program; however, DOR officials did not include an estimate of those costs in their response. Oversight does not have any information to estimate the postage costs, and will assume for fiscal note purposes the additional cost would be minimal and could be absorbed with existing resources. If significant unanticipated costs are incurred or if multiple proposals are implemented which increase DOR costs, resources could be requested through the budget process.

ASSUMPTION (continued)

Officials from the **Office of Administration - Information Technology Services Division (ITSD)** assume this provision would require computer programming services to develop and implement processing systems for the Office of Administration, the Department of Revenue, and the Department of Social Services. ITSD officials provided the following cost estimates based on the current \$75 statewide contract rate for programming services.

	<u>Hours</u>	<u>Cost</u>
Office of Administration	481	\$36,043
Department of Revenue	5,714	\$428,571
Department of Social Services	525	<u>\$39,399</u>
Total		<u>\$503,982</u>

In addition, ITSD officials assumed there would be an annual maintenance cost for the Department of Revenue system of \$46,162 in FY 2017, \$47,316 in FY 2018 and similar cost in following years.

Oversight will include the ITSD estimates of cost in this fiscal note.

DOSS officials assume this proposal would add a new state statute section authorizing the Director of Revenue and Commissioner of Administration to jointly enter into a reciprocal collection and debt offset agreement with the federal government.

Children's Division officials assume the level of funds recouped would not impact their organization.

Division of Financial and Accounting Services officials deferred to Children's Division, Family Support Division, and MO HealthNet Division officials to determine if there would be an impact with payments outside of the state accounting system.

Family Services Division (FSD) officials noted their organization currently collects past-due child support through a state income tax refund offset, and assume authorizing DOR to enter into agreements with the Federal government and other states for state tax offset could reduce FSD child support collections made for families through state income tax refund offset by increasing the number of non-child support debts competing for state offset.

ASSUMPTION (continued)

FSD officials assume that, absent a state law change or administrative rule giving offset priority to child support debts, an increase in the number of non-child support debts certified for offset would reduce child support collections. FSD officials also noted their organization collected \$2,481,879 from state income tax refunds in FY 2014 - of this amount, \$201,845 was collected on TANF cases. DFAS officials noted the state share (34%) of this amount is \$68,627 ($\$201,845 \times 34\%$) and stated their organization is not able to predict how many debts would be competing for state offset. DFAS officials assume the potential impact to Child Support Enforcement Collections (CSEC) fund revenues is \$0 to \$68,627.

Oversight assumes this proposal would not result in a significant reduction of delinquent Child Support collections or a reduction in Child Support Enforcement Collections revenues.

FSD officials noted the provision allowing the federal government to offset payments due federal vendors, contractors and taxpayers to collect debts owed to any Missouri state agency would not impact the FSD child support program because federal law gives federal offset priority to child support debts.

FSD officials stated that state child support agencies currently have authority to refer child support debts to another state child support agency for state income tax refund offset. However, this proposal could reduce FSD child support collections made through state income tax refund offset by increasing the number of non-child support debts competing for state offset.

Mo HealthNet Division officials assume the money collected by the offset would be collected by the Department of Revenue and would go into the General Revenue Fund therefore there would not be a fiscal impact to MO HealthNet.

Division of Legal Services officials do not anticipate a fiscal impact on their division, and defer to the analyses by the program divisions as to the potential fiscal impact upon the department. DLS officials also assume their department would be one of the bigger beneficiaries from this program in that it would vastly improve the collection of Medicaid and Food Stamps overpayments.

Division of Youth Services officials assume there would be no fiscal impact to their organization from this proposal.

ASSUMPTION (continued)

Oversight assumes the BAP estimate of collections for this program is the best available and will include those amounts in this fiscal note. Oversight also assumes there could be unknown additional collections for other state funds and local governments, and will include those collections in this fiscal note.

Section 37.650, RSMo. - Office of Taxpayer Advocate

DOR officials noted this provision would replace the current Office of Taxpayer's Ombudsman with a newly created Office of Taxpayer Advocate.

DOR officials assume the following personnel would be required based on the number of employees budgeted for the Administrative Hearing Commission (16.5 FTE) and the Office of Prosecution Services (14 FTE).

- 1 Taxpayer Advocate
- 1 Executive I:
- 1 Legal Counsel:
- 4 Accountant II:
- 4 Taxpayer Service Representatives II:

DOR officials also assume an Accountant and a Taxpayer Service Representative would be needed for each tax type (individual income, corporate income, sales, and other) to effectively communicate with taxpayers regarding tax questions and issues.

Staff Training

DOR officials assume the Department of Revenue would provide training each year on Missouri tax law with an estimated first-year cost of \$12,080 for the support staff.

In summary, the **DOR** response for this provision included costs for employee salaries, benefits, and expense and equipment of \$727,567 for FY 2016, \$796,117 for FY 2017, and \$804,452 for FY 2018.

ASSUMPTION (continued)

Oversight considers the DOR estimate of staffing requirements the best available estimate of the cost to implement this proposal and will use the DOR estimate as adjusted. Oversight has, for fiscal note purposes only, changed the starting salary for the additional employees to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the estimate of equipment and expense in accordance with OA budget guidelines.

Oversight also notes the proposal could become effective in August, 2015 (FY 2016) but costs for the program would first be included in the FY 2017 budget; Oversight will include DOR costs for this provision for FY 2017 and FY 2018 in this fiscal note.

Section 136.375, RSMo. - Fair and Consistent Application Requirement:

This provision would codify the requirement for Missouri taxpayers to have the right to fair and consistent application of Missouri tax laws by the Department of Revenue.

Officials from the **Office of Administration - Division of Budget and Planning** assume this provision would have no fiscal impact on Total State Revenue or the calculation required under Section 18(e) of the state constitution.

Officials from the **Department of Revenue** assume this provision would have no impact on their organization.

Oversight assumes this provision would not have a specific fiscal impact.

ASSUMPTION (continued)

Section 136.380, RSMo. - Office of Taxpayer Ombudsman:

This proposal would repeal the current provisions for an Office of Taxpayer Ombudsman which is assigned to the Department of Revenue.

DOR officials stated the Ombudsman currently has additional responsibilities for the Department as well as serving as the ombudsman, and the elimination of the ombudsman responsibilities would not result in savings to their organization.

Oversight assumes there would be minimal savings to DOR from eliminating the position beginning in August 2015 (FY 2016) and will not include any savings in this fiscal note.

Section 136.450, RSMo. - Study Commission on Tax Policy:

Oversight did not receive any responses to this provision; however, officials from the **Office of Administration - Office of the Commissioner (OA)** noted that similar language in SB 15 LR 0302-03 would create a Commission on State Tax Policy. The commission would be composed of the sitting members of the Joint Committee on Tax Policy, the Director of the Department of Revenue, and the State Budget Director, as well as members of the public who have expertise in the field of taxation.

OA officials noted their organization may be required to provide staff support to the commission, and members who are not state employees would be reimbursed for any expenses incurred in serving on the commission. OA officials also assumed the ten non-state employees would be reimbursed for their costs to attend 27 commission meetings.

OA officials provided the following estimate of cost for the commission.

Lodging - (\$83 average cost x 10 members x 27 meetings) =	\$22,410
Meals - (Average \$30 per day x 10 members x 27 meetings) =	\$8,100
Mileage - (Average 240 miles round trip x 10 members x 27 meetings x \$0.37 per mile) =	<u>\$23,976</u>
Total	<u>\$54,486</u>

ASSUMPTION (continued)

The OA response for this provision included costs for members travel, lodging, and meals of \$45,405 for FY 2016, \$55,848 for FY 2017, and \$57,245 for FY 2018.

Oversight assumes the costs for state employee members to attend meetings would be paid by the agencies which employ them. Oversight assumes those agencies could absorb those costs with existing resources. For fiscal note purposes, Oversight will assume the costs for the remaining members to attend meetings would be paid by the Office Of Administration - Office of the Commissioner, and that all costs for this commission would be paid from the General Revenue Fund.

Oversight notes this provision does not include a specific date for the commission to be activated; however, the proposal would require the commission to prepare a preliminary report for the Governor and General Assembly by December 31, 2016 (FY 2017) and a final report by December 31, 2017 (FY 2018). The commission would be inactive after January 1, 2018, and the provision would expire August 31, 2018.

Accordingly, Oversight will include costs for the commission in FY 2017 and FY 2018. If the OA estimate of total costs is split evenly between FY 2017 and FY 2018, OA would make payments of $(\$54,486 / 2) = \$27,243$ per year.

Bill as a whole responses

Officials from the **Department of Conservation** assume the Department of Revenue would be better able to estimate the fiscal impact that would result from this proposal.

Officials from the **Department of Natural Resources** assume the Department of Revenue and the Office of Administration - Division of Budget and Planning will provide a more detailed estimate of the potential fiscal impact of the proposal.

Officials from the **Missouri Senate** and the **Joint Committee on Administrative Rules** assume this proposal would not have a fiscal impact to their organization in excess of existing resources.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** provided the following response: Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be greater than our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of the Lieutenant Governor**, the **Office of the State Treasurer**, the **Missouri House of Representatives**, the **Office of Administration - Division of Accounting**, the **Department of Agriculture**, the **Department of Labor and Industrial Relations**, and the **Department of Transportation** assume this proposal would have no fiscal impact on their organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
<u>Additional Revenue</u>			
Reciprocal debt collections			
Section 32.385	\$7,000,000	\$5,100,000	\$5,000,000
<u>Cost - OA - ITSD</u>			
Reciprocal debt collections systems			
Section 32.385	(\$503,982)	(\$46,162)	(\$47,316)
<u>Additional revenue</u>			
Tax amnesty program			
Section 32.383	\$11,700,000	\$0	\$0
<u>Cost - DOR</u>			
Tax amnesty program			
Section 32.383	(\$1,156,047)	(\$10,272)	\$0
<u>Revenue reduction</u>			
Tax amnesty program			
Section 32.383	\$0	(\$19,200,000)	(\$11,500,000)
<u>Cost - DOR</u>			
Office of Taxpayer Advocate			
Section 37.650			
Personal service	\$0	(\$467,251)	(\$471,923)
Benefits	\$0	(\$238,321)	(\$240,705)
Expense and equipment	<u>\$0</u>	<u>(\$83,164)</u>	<u>(\$20,721)</u>
Total cost	\$0	(\$788,736)	(\$733,349)
FTE change - DOR	0 FTE	11 FTE	11 FTE

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2016 (10 Mo.)	FY 2017	FY 2018
<u>Cost</u>			
Study Commission on State Tax Policy Section 136.450	<u>\$0</u>	<u>(\$27,243)</u>	<u>(\$27,243)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$17,039,971</u>	<u>(\$14,972,413)</u>	<u>(\$7,307,908)</u>
Estimated Net FTE Effect on General Revenue Fund	0 FTE	11 FTE	11 FTE
TAX AMNESTY FUND			
<u>Additional revenue</u> - tax amnesty Section 32.383	\$40,100,000	\$0	\$0
<u>Additional expenditures</u> - DOSS Section 32.383	<u>(\$40,100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON TAX AMNESTY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CONSERVATION COMMISSION FUND			
<u>Additional revenue</u> - tax amnesty Section 32.383	Unknown	\$0	\$0
<u>Revenue reduction</u> - tax amnesty Section 32.383	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>Unknown</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2016 (!0 Mo.)	FY 2017	FY 2018
PARKS, AND SOIL AND WATER FUNDS			
<u>Additional revenue</u> - tax amnesty Section 32.383	Unknown	\$0	\$0
<u>Revenue reduction</u> - tax amnesty Section 32.383	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER	<u>Unknown</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
OTHER STATE FUNDS			
<u>Additional revenue</u> - tax amnesty Section 32.383	Unknown	\$0	\$0
<u>Additional revenue</u> - reciprocal debt collections Section 32.385	Unknown	Unknown	Unknown
<u>Revenue reduction</u> - tax amnesty Section 32.383	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>Unknown</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL GOVERNMENTS			
<u>Additional revenue</u> - tax amnesty Section 32.383	Unknown	\$0	\$0
<u>Additional revenue</u> - reciprocal debt collections	Unknown	Unknown	Unknown
Revenue reduction - tax amnesty Section 32.383	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>Unknown</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to a small business which qualified for the tax amnesty. Other provisions could have a direct fiscal impact on small businesses and their owners.

FISCAL DESCRIPTION

Tax Amnesty

This proposal would authorize an amnesty from the assessment or payment of penalties, additions to tax, and interest on delinquencies of certain unpaid taxes administered by the Department of Revenue which occurred on or prior to December 31, 2014. A taxpayer would be required to apply for amnesty; pay the unpaid taxes in full between September 1, 2015, and November 30, 2015, and agree to comply with state tax laws for the next eight years from the date of the agreement. The proposal would authorize the Department of Revenue to contract with third party organizations for debt collection and administration of the tax amnesty program.

If a taxpayer is granted amnesty, he or she would not be eligible to participate in any future amnesty for the same type of tax. All tax payments received from the tax amnesty program would be deposited into a Tax Amnesty Fund unless earmarked by state constitution or state law, and Tax Amnesty Fund revenues could only be spent for certain MO HealthNet programs. The proposal includes an emergency clause.

Reciprocal Debt Offset

The proposed legislation would authorize the Department of Revenue and the Office of Administration to enter into mutual collection and debt offset agreements with the United States government, and with other states.

Office of Taxpayer Advocate

The proposal would replace the current the Office of Taxpayers' Ombudsman with an Office of Taxpayer Advocate.

FISCAL DESCRIPTION (continued)

Taxpayer's Bill of Rights

The proposal would amend the Missouri Taxpayer's Bill of Rights to include a right to fair and consistent application of Missouri tax laws.

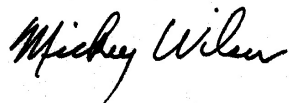
Study Commission on State Tax Policy

The proposal would create a Study Commission on State Tax Policy.

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

Office of the Governor
Office of the Lieutenant Governor
Office of the Secretary of State
Office of the State Treasurer
Missouri Senate
Joint Committee on Administrative Rules
Office of Administration
 Office of the Commissioner
 Division of Accounting
 Division of Budget and Planning
 Information Technology Services Division
Department of Agriculture
Department of Conservation
Department of Higher Education
Department of Labor and Industrial Relations
Department of Natural Resources
Department of Revenue
Department of Social Services
Department of Transportation



Mickey Wilson, CPA
Director
June 15, 2015

Ross Strope
Assistant Director
June 15, 2015