

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 1187-01
BILL NO.: SB 621
SUBJECT: Revenue Dept.; Taxation and Revenue-General; Administrative Law
TYPE: Original
DATE: April 17, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

*Expected to exceed \$100,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Administrative Hearing Commission (AHC)** assume this proposal would not fiscally impact their agency.

In a similar prior proposal, **Department of Revenue (DOR)** officials state this legislation places the burden of proof on the Department of Revenue 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 and tax credits. 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
---	---------------------	---------	---------

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>
---	-------------------------	-------------------------	-------------------------

*Expected to exceed \$100,000 annually.

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
---	---------------------	---------	---------

<u>Loss - Burden of Proof</u>	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)
-------------------------------	-----------	-----------	-----------

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.

DESCRIPTION

This act expands the shift of the burden of proof in disputes between a taxpayer and the Department of Revenue. The act places the burden on the Department of Revenue in claims involving tax credits, where the taxpayer meets certain requirements.

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

Administrative Hearing Commission
Department of Revenue



Jeanne Jarrett, CPA
Director

April 17, 2001