

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2636-01
Bill No.: SB 910
Subject: Revenue Dept.; Administrative Law; Taxation & Revenue - General, Sales and Use; Business and Commerce
Type: Original
Date: January 21, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of the State Courts Administrator (CTS)**, the **Attorney General's Office (AGO)**, **Office of the Secretary of State (SOS)** and the **Office of Administration, Administrative Hearing Commission (AHC)** assume this bill would have minimal, if any, fiscal impact to their agencies.

Officials of the **Department of Revenue (DOR)** state this legislation provides statutory authority for the Director to compromise taxes, penalties and interest under certain circumstances.

DOR stated the Division of Taxation, Field Audit will need two Field Auditors to review audit cases, prove reasonableness at hearings and present/testify at hearings. All equipment and expense relating to these FTE will also be requested. It will be up to DOR to prove reasonableness.

Oversight assumes, for purposes of this fiscal note, this proposal would decrease compliance in the areas of corporate income tax and sales/use tax collections. This amount is unknown, therefore Oversight will reflect the revenue impact of this proposal as a negative unknown to various state and local funds. In addition, Oversight assumes DOR can utilize existing personnel to handle the abatements, correspondence, audit reviews, and to present/testify at hearings.

This legislation could decrease total state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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VARIOUS STATE FUNDS

Loss -

Decrease in tax compliance	(Unknown)	(Unknown)	(Unknown)
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TOTAL 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 2003 (10 Mo.)	FY 2004	FY 2005
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VARIOUS LOCAL FUNDS	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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FISCAL IMPACT - Small Business

Small businesses would expect to be fiscally impacted only to the extent that they receive abatement on prior taxes due and must file and pay sales or corporate income tax in the future.

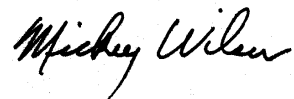
DESCRIPTION

This act authorizes the Department of Revenue (DOR) and the Administrative Hearing Commission (AHC) to negotiate with taxpayers or their agents to compromise all or part of the tax liability of a taxpayer in certain situations.

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
State Courts Administrator
Office of the Attorney General
Office of Administration
Administrative Hearing Commission
Secretary of State



Mickey Wilson, CPA
Acting Director

January 21, 2002