

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 54** SLS 22RS 263

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 20, 2022 11:59 AM	<b>Author:</b> ALLAIN
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Automatic filing extension for PIT	

REVENUE DEPARTMENT OR -\$1,900,000 GF RV See Note Page 1 of 1  
Provides for an automatic filing extension for individual income tax returns. (8/1/22)

Current law allows taxpayers to file for a 6-month extension for taxes due on May 15. With the extension, taxpayers must make an estimated payment by May 15 and file the tax return by November 15. The taxpayer will be assessed a late filing penalty of 5% of taxes due per 30 days up to 25% if an extension is not filed by May 15 or a return is not filed by November 15. The taxpayer will be assessed a late payment penalty of 5% of taxes due per 30 days (individual income tax is 0.5%) up to 25% if payment is not filed by May 15. The combined penalty for late filing and late payment cannot exceed 25% of taxes due.

Proposed law retains current law but removes the extension filing requirement for individual, partnership and fiduciary income tax by automatically applying a 6 month filing deadline extension. The taxpayer is still required to make an estimated payment by May 15 and file a tax return by November 15. Late filing penalties would no longer be assessed for these taxes prior to November 15 if the return is filed by the extension deadline, but the late filing penalty will be assessed back to May 16 if the return is not filed by November 15. Delinquent payment penalties may still be assessed if a payment is not made by May 15. Effective TY 2022.

<b>EXPENDITURES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	(\$1,900,000)	(\$1,900,000)	(\$1,900,000)	(\$1,900,000)	<b>(\$7,600,000)</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>(\$1,900,000)</b>	<b>(\$1,900,000)</b>	<b>(\$1,900,000)</b>	<b>(\$1,900,000)</b>	<b>(\$7,600,000)</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Department of Revenue reports expenditures of approximately \$50,000 for computer system modification, tax for redesign and testing to be absorbed in the current budget. The cumulative effect of all new legislation determined at the end of session may require additional resources.

**REVENUE EXPLANATION**

This bill reduces penalties that currently accrue to the state general fund by allowing an automatic 6-month filing extension on certain taxes. Any late filing penalties assessed on these taxes between May 16 and November 15 will no longer be available to the state general fund (late filing penalties are assessed before late payment penalties.) Based on TY2018 data, LDR estimates these penalties to be about \$4.8 M. However, taxpayers filing a return after the automatic extension deadline on November 15 will be assessed a late filing penalty dating back to the original filing deadline of May 15, which is estimated to increase state general fund by \$2.9 M by maximizing the late filing penalty to 25% (currently, the late filing penalty would only date back to November 15). Thus, the net impact to the state general fund is a decrease of \$1.9 M (\$4.8 M decrease offset by a \$2.9 M increase) beginning in FY 24. The annual impact will fluctuate based on actual taxpayer behavior and tax liabilities.

The bill does not impact tax liabilities and only removes the mandatory filing of an extension. All other aspects of tax filing obligations, including an estimated payment due by May 15, remain in place.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Alan M. Boxberger*  
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**Interim Legislative Fiscal Officer**