



LEGISLATIVE FISCAL OFFICE

Fiscal Note

Fiscal Note On: **HB 559** HLS 19RS 874

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 14, 2019 **2:10 PM**

Author: DEVILLIER

Dept./Agy.: Revenue/Tax Appeals

Analyst: Benjamin Vincent

Subject: Tax Appeals: Due Process Hearing Requirements

TAX APPEALS/BOARD

OR +\$5,100,000 GF EX See Note

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Provides for a collection due process for levy or seizure by the Board of Tax Appeals

Proposed law extends the jurisdiction of the Board of Tax Appeals (BTA) to distract procedures and collection due process hearings. Requires the Department of Revenue (LDR) to issue written notification of the right to a due process hearing before the BTA prior to making a levy on a person's property. The notice is to be issued not less than 30 days before the levy will occur, be written in simple and non-technical terms, and contain certain particular informational items, and be either served on the person or sent by registered mail with a return receipt requested. The taxpayer may request a due process hearing, which is to be held before the BTA. Levy actions are suspended during a hearing or any related appeals.

Effective July 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$5,100,000	\$5,100,000	\$5,100,000	\$5,100,000	\$5,100,000	\$25,500,000
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

The most material cost associated with the bill involves the requirement that the notice be served on the person or via registered mail with return receipt. LDR estimates approximately 333,000 average Intent to Offset notifications issued per year that would require the additional notification of the right to a due process hearing. At a current price of \$15.20 per registered mail item with return receipt requested, the anticipated cost per year for sending notices as required by the bill is approximately \$5.1 mil.

One-time relatively minor system modification programming costs of approximately \$26,000 of staff-time would be incurred, as well.

Depending on the number of additional due process hearings held before the BTA, Dept could need to hire additional personnel (attorney's and support) in order to represent the agency at the additional due process hearings. Each additional attorney needed would average roughly \$100,000 in additional costs.

Additionally, proposed law would expand the jurisdiction of the Board of Tax Appeals (BTA). To the extent that the additional responsibility (more hearings) occurs, additional resources would be required for the Board. Fee revenue and general fund support of BTA proceedings may increase.

REVENUE EXPLANATION

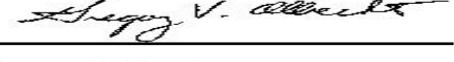
There is no anticipated direct material effect on general fund or dedicated revenues as a result of proposed law. However, to the extent that expanded BTA jurisdiction results in expanded responsibilities to hold hearings, agency fees and self-generated revenues may increase.

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}


Gregory V. Albrecht
Chief Economist