



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 774** HLS 15RS 948
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

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Dept./Agy.: Revenue **Analyst:** Deborah Vivien
Subject: Fees for installments and offsets for LDR

FEES/LICENSES/PERMITS EN +\$3,500,000 SG RV See Note Page 1 of 1
 Provides relative to fees charged by the Department of Revenue

Proposed law imposes a new fee of \$105 to establish an installment plan for taxes due. If a payment is missed, an additional fee of \$60 will be charged to reinstate the installment plan. If the taxpayers adjusted gross income is less than or equal to \$25,000, there will be no fee to enter into an installment plan. Proposed law imposes a new fee for searching for, not necessarily locating, tax returns up to \$15 per period request (\$25 for a certified copy). Proposed law imposes a new application fee of \$186 for an Offer in Compromise of a judgment. Any settlement will require a nonrefundable initial payment of 20% of the offer to be applied against the tax liability (existing law allows 10%). Such settlements will be considered public record and published in the LDR Annual Report.

Proposed law also changes the existing fee for offset claims from \$4 to \$25 for each claim and increases the existing maximum fee authorization for providing authenticated copies from \$1 to \$25.

Proceeds of the fees will become LDR fee revenue for operational expenses. LDR may promulgate rules for implementation of the fees.

| EXPENDITURES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 5 -YEAR TOTAL |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$3,500,000 | \$3,500,000 | \$3,500,000 | \$3,500,000 | \$3,500,000 | \$17,500,000 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$3,500,000 | \$3,500,000 | \$3,500,000 | \$3,500,000 | \$3,500,000 | \$17,500,000 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Beginning 7/1/15, the bill will allow LDR to collect new fees and increase some existing fees as outlined below with an anticipated cumulative impact of \$3.5M per year. The note uses the last known annual data from FY 14 to determine what the fee increases would have generated. To the extent that future experience is different than FY 14, these figures will change. The fiscal note assumes the maximum fee is charged and a comparable number of transactions are performed.

Installment Plans (\$105 initial fee; \$60 to reinstate after default) - \$1.9M

There were about 17,000 installment plans established in FY 14 with about 2,300 defaults. If each of these agreements were assessed the above fees and remitted, LDR self-generated revenue would increase by about \$1.9M (17,000 * \$105 + 2,300 * \$60).

Offset Claims (Increasing \$21 per claim from \$4 to \$25) - \$1.5M

If a taxpayer owes money to any agency, LDR can retain any refunds or other money owed to that taxpayer to offset the debt. In FY14, there were about 73,000 offset claims. If all are charged and additional \$21, LDR would collect an additional \$1.5M per year.

Searching Returns and Copying Records (up to \$15 per return; up to \$25 per authenticated copy; up to \$15 for search or \$25 for certified copy) - \$100,000

LDR receives about 500 requests per year for copies and searching. Many requests are for 4 years of individual returns. However, in the case of sales tax filed monthly, the number of returns is much larger. If LDR charges on 3,000 searches at \$15 each and 3,000 copies at \$15 each, SGR collections would increase by about \$90,000. Assuming some would require authentication, rounding to \$100,000 seems a likely revenue level that could be attained.

Offer in Compromise (\$180 application fee) - \$21,000

During FY 14, LDR received about 115 offers in compromise. Had each paid the \$186 fee, LDR would have collected an additional \$21,000 in SGR.

- Senate Dual Referral Rules House
- 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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