

Fiscal Estimate Narratives

DOR 3/14/2008

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| LRB Number | 07-4012/2 | Introduction Number | AB-0902 | Estimate Type | Original |
| Description regulating the provision of debt-settlement services, granting rule-making authority, and providing a penalty. | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

Under current law, state agencies must deny applications for professional licenses, and deny the renewal of such licenses, if the applicant for the license or license renewal is liable for delinquent taxes. Under agreements with state agencies, the Department of Revenue makes the determination of whether a license applicant or license renewal applicant is liable for delinquent taxes and informs the state agency of this determination. Approximately \$2 million of delinquent taxes were collected as a result of this program in FY07. The Department of Revenue performs several hundred thousand license related checks each year.

This bill requires a person who provides debt-settlement services to obtain a license from the Department of Financial Services. Certain exceptions to this requirement are provided.

The bill extends to debt-settlement service provider licenses the requirement that a license may not be issued or renewed if the applicant is liable for delinquent taxes.

Department of Revenue already has an automated process in place with the Department of Financial Insitutions for checking for delinquent taxes owed by license applicants. Consequently, the bill is not expected to have any significant impact on the Department of Revenue's administrative costs. The bill is also expected to encourage additional delinquent taxpayers to pay overdue taxes. The bill's overall impact on tax collections, however, is expected to be minimal.

Long-Range Fiscal Implications