

Fiscal Estimate Narratives

DOR 12/13/01

LRB Number 01-2513/1	Introduction Number AB-648	Estimate Type Original
Subject Taxpayer bill of rights		

Assumptions Used in Arriving at Fiscal Estimate

The bill would:

- conform Wisconsin provisions for providing relief to innocent spouses from payment of taxes on a joint return to the federal innocent spouse provisions;
- require the Department of Revenue (DOR) to verify field audit assessments based on an income reconstruction method using a different method;
- allow DOR to compromise the payment of nondelinquent taxes when the taxpayer is unable to pay the full amount (currently, compromise is permitted only for delinquent taxes);
- require DOR to ensure that its employees treat the public courteously, to distribute information about state tax law, to provide assistance in the filing of tax forms, to ensure fair treatment to taxpayer during audits, and to provide reasonable tax collection arrangements for taxpayers with outstanding liability;
- permit DOR to allow electronic filing of tax returns and electronic payment of taxes, and provide different due dates for electronically submitted returns and payments than those for other returns and payments;
- allow taxpayers being interviewed in person by a DOR employee about a tax assessment or collection to tape record the interview, if the DOR employee is informed that the interview is being recorded.

Allowing compromise on the payment of nondelinquent taxes may enable some payments that might not otherwise be made, but the provision is not expected to have a significant effect on state tax collections.

In order to verify assessments based on income reconstruction audits using another audit method, DOR would need 1.5 field auditors at an annual cost of \$92,300, with one-time costs for office equipment of \$18,800. In addition, DOR would need to spend \$17,500 to purchase tape recorders for field auditors to permit an independent record of any interview taped by a taxpayer. Different due dates for persons filing and paying electronically would result in one-time contract programming costs of \$31,000. Thus, the bill would require a one-time expenditure of \$67,300 and ongoing expenditures of \$92,300, but does not provide funding for these costs.

DOR does not believe this bill imposes any additional responsibilities on it for distributing tax information, providing taxpayer assistance or providing reasonable tax collection arrangements. Therefore, the provisions specifying these responsibilities have no fiscal effect.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-2513/1		Introduction Number AB-648	
Subject			
Taxpayer bill of rights			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
\$67,300 for contract programming, for office equipment for additional field auditors and for tape recorders for field auditors			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$82,200	
(FTE Position Changes)		(1.5 FTE)	
State Operations - Other Costs		10,100	
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$92,300	\$
B. State Costs by Source of Funds			
GPR		92,300	
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
TOTAL State Revenues		\$	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS		\$92,300	\$
NET CHANGE IN REVENUE		\$	\$
Agency/Prepared By		Authorized Signature	Date
DOR/ Dennis Collier (608) 266-5773		Brian Pahnke (608) 266-2700	12/12/01