

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-3313/1</b>	<b>Introduction Number</b> <b>SB-458</b>
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**Description**  
 The timely filing of documents and payments with the Department of Revenue related to the income tax and franchise tax

**Fiscal Effect**

**State:**

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

**Local:**

<input type="checkbox"/> No Local Government Costs	<b>5. Types of Local Government Units Affected</b>	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns	<input type="checkbox"/> Village <input type="checkbox"/> Cities
1. <input type="checkbox"/> Increase Costs	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
3. <input type="checkbox"/> Increase Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		
4. <input type="checkbox"/> Decrease Revenue		
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DOR/ Kirstin Nelson (608) 261-8984	<b>Authorized Signature</b> Rebecca Boldt (608) 266-6785	<b>Date</b> 12/8/2005
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**Fiscal Estimate Narratives**  
**DOR 12/8/2005**

LRB Number <b>05-3313/1</b>	Introduction Number <b>SB-458</b>	Estimate Type <b>Original</b>
<b>Description</b> The timely filing of documents and payments with the Department of Revenue related to the income tax and franchise tax		

**Assumptions Used in Arriving at Fiscal Estimate**

Under current law, documents and payments that must be provided to DOR are considered to be provided on time if the Department of Revenue receives the document on or before the due date or, if mailed, the envelope containing the document or payment is correctly addressed and postmarked before midnight of the due date.

Under this bill, a document or payment that would otherwise be considered on time except for an inadvertent error, is considered on time and not subject to any interest or penalties related to late filings.

Under the bill, an inadvertent error includes a taxpayer mistakenly directing DOR to credit the payment of taxes to an account from which taxes are not due. However, the bill does not restrict the definition of inadvertent error to that particular instance. If the bill did restrict the definition of inadvertent error to the above circumstance, the fiscal effect would be minimal.

However, without that restriction, the types of other errors that could be considered inadvertent and the number of inadvertent errors that could occur is unknown. The bill is expected to reduce revenues by reducing the interest or penalties paid on late filings. In fiscal year 2005, approximately \$8 million in interest charges were paid on delinquent debts according to the Department's Compliance Bureau. The percentage of this \$8 million that would not be paid as a result of the bill is unknown. However, it is anticipated that many taxpayers would take advantage of the elimination of interest and penalties due to inadvertent errors. Depending on how many taxpayers take advantage of the proposed law change, the bill could reduce revenues by up to \$8 million.

**Long-Range Fiscal Implications**

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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<b>LRB Number</b> 05-3313/1		<b>Introduction Number</b> SB-458	
<b>Description</b> The timely filing of documents and payments with the Department of Revenue related to the income tax and franchise tax			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>		<b>\$</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>		<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$SeeText	\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
DOR/ Kirstin Nelson (608) 261-8984		Rebecca Boldt (608) 266-6785	12/8/2005