

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-2136/1	Introduction Number SB-285
Description Department of Revenue enforcement and providing a penalty	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 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 5. Types of Local Government Units Affected: <input type="checkbox"/> Towns <input type="checkbox"/> Villages <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
Affected Ch. 20 Appropriations	
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Date 4/15/2021	

Fiscal Estimate Narratives

DOR 4/15/2021

LRB Number	21-2136/1	Introduction Number	SB-285	Estimate Type	Original
Description Department of Revenue enforcement and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

The bill makes multiple changes to current law regarding the Department of Revenue's enforcement and administration of the laws under its purview.

License to sell cigarettes or tobacco products: This will result in greater cigarette and tobacco products tax compliance. The department estimates that this will result in a minimal, but indeterminate, increase in revenues.

Forfeitures for alcohol beverage violations: Assuming that an agent would issue two such forfeitures per month, on average, with nine enforcement agents, there would be around 216 forfeitures annually. If the average forfeiture amount is \$500 then this would equate to \$108,000 annually. As time goes on, this may increase as 2nd, 3rd, and subsequent offenses carry larger forfeitures. However, a presumed increase in voluntary compliance due to this provision may offset the potential increase in revenue.

Publishing a list of retail licenses: No revenue impact. The cost of publishing the list is minimal and can be absorbed with existing resources.

Criminal history search fee: In FY18, FY19 and FY20 there were 365, 830, and 406 searches conducted by DOR, respectively. At a cost of \$7 per search, the total cost incurred in FY18, FY19 and FY20 were \$2,558, \$5,810 and \$2,842. In FY21 66 searches have been conducted so far (July – November) at a cost of \$462. Based on these figures, the department assumes a total of about 430 searches annually at a total cost of about \$3,000 per year. The bill would shift this burden from DOR to the applicant, reducing costs.

Tax return information disclosure: The department anticipates this provision will have no fiscal effect.

Lottery provisions: The department anticipates these provisions will have a minimal fiscal effect.

Possession of alcohol vapor devices: No revenue impact. The department assumes alcohol vapor devices are not substituting the purchase of any legal taxable products.

Penalties for evading excise taxes and unlawful possession of cigarettes: This will result in greater cigarette tax compliance. The department estimates that this will result in a minimal, but indeterminate, increase in revenues.

Alcohol beverage permit reapplication: The department anticipates this provision will have a minimal fiscal effect.

Possession of a still: The department anticipates this provision will have no fiscal effect.

Sales suppression devices and phantomware: To the extent the bill reduces future use of sales suppression devices and phantomware, general fund tax revenues may increase by an indeterminate amount compared to current law.

The department can absorb administrative costs related to this bill with existing resources.

Long-Range Fiscal Implications