

FISCAL ESTIMATE FORM

2009 Session

- ORIGINAL UPDATED
 CORRECTED SUPPLEMENTAL

LRB #
INTRODUCTION #
Admin. Rule # E-filing -- Tax 4.001, 7.001, 8.001, 9.001, and 11.01

Subject PROPOSED ORDER OF THE DEPARTMENT OF REVENUE REPEALING, RENUMBERING, RENUMBERING AND AMENDING, AMENDING, REPEALING AND RECREATING, AND CREATING RULES

Fiscal Effect

<p>State: <input type="checkbox"/> No State Fiscal Effect Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation</p> <p><input type="checkbox"/> Increase Existing Appropriation <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Appropriation <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Create New Appropriation</p>	<p><input checked="" type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Decrease Costs</p>
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Local:

No Local Government Costs

<p>1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> <p>2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p>	<p>3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p> <p>4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory</p>	<p>5. Types of Local Governmental 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</p>
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Fund Sources Affected

- GPR FED PRO PRS SEG SEG-S

Affected Ch. 20 Appropriations

20.566 (1) (a)

Assumptions Used in Arriving at Fiscal Estimate:

The Department of Revenue (DOR) processes millions of reports, returns and refund claims every year. To improve the department's efficiency, modern technologies are continuing to be deployed to increase the use of electronic processing, and, as a result, reduce dependency on paper transactions requiring manual processing. For example, the portion of individual income tax returns filed electronically increased from 66.7% in 2009 to 74.4% in 2010 (as measured through May 2010). Similarly, the portion of sales and use tax returns filed electronically increased from 52.6% for the entirety of 2009 to 75.5% during the first five months of 2010.

Section 227.11 (2) (a) of the statutes allows the department to promulgate rules interpreting the provisions of any statute enforced or administered by the department, if it considers the rule necessary to effectuate the purpose of the statute.

Utilizing the authority provided by this statute, the proposed rule permits DOR to require additional tax reports, tax returns, and refund claims to be filed electronically. Specifically, the rule would allow DOR to require electronic filing of the following forms and returns:

- Motor vehicle fuel, alternate fuel, and general aviation fuel tax returns and refund claim forms.
- Fermented malt beverage tax returns and refund claim forms.
- Intoxicating liquor reports, tax returns, and refund claim forms.
- Cigarette and tobacco products reports, tax returns, and refund claim forms.
- Local exposition tax returns.
- Premier resort area tax returns.

Consistent with certain forms for which the department may already require electronic filing, the proposed rule includes an exception which allows the DOR Secretary to waive the requirement to file electronically when the Secretary determines that the requirement causes an undue hardship.

Since the proposed rule will increase the number of transactions filed electronically, it will reduce paper based transactions and lead to a more efficient use of DOR's resources. Individuals and businesses submitting returns to DOR may also benefit by electronic increased electronic filing.

While cost savings will be achieved as various tax filings are shifted to electronic form, the timeline for these savings, will depend on the pace at which this shift is implemented. Some of these savings have already been realized as 64% of local exposition tax returns, 59% of premier resort area returns, and all liquor tax returns are already received

electronically. In addition, DOR's cost savings will be reduced to the degree to which waivers from the proposed rule are granted.

Based on DOR estimates, the switch-over of certain excise tax forms from paper to electronic format will require the department to incur transitional costs of approximately \$5, 000 per changeover (for form revisions, informational letters, and other one-time costs). These transitional costs are expected to be absorbed within existing expenditure authority and permit subsequent long-term savings.

FISCAL ESTIMATE WORKSHEET

Detailed Estimate of Annual Fiscal Effect

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I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

II. Annualized Costs:	Annualized Fiscal impact on State funds from:	
A. State Costs by Category	Increased Costs	Decreased Costs
State Operations - Salaries and Fringe	\$	\$ -
(FTE Position Changes)	()	-
State Operations-Other Costs		
Local Assistance		-
Aids to Individuals or Organizations		-
TOTAL State Costs by Category	\$	\$ - see text
B. State Costs by Source of Funds	Increased Costs	Decreased Costs
GPR	\$ see text	\$
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	\$ see text	\$ 0
NET CHANGE IN REVENUES	\$ 0	\$ 0

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