

February 6, 2013

The Honorable Les Donovan, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 123-E
Topeka, Kansas 66612

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 83 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 83 is respectfully submitted to your committee.

SB 83 would amend current law by adding or increasing a number of fees that would be assessed to delinquent taxpayers and remitted to the state treasury to be credited to the Recovery Fund for Enforcement Actions and Attorney Fees Fund in the Department of Revenue. The amendments are as follows:

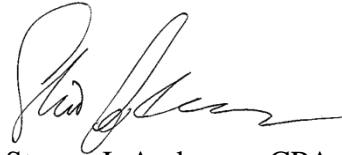
1. Increase the service fee from \$10 to \$25 which is assessed to any taxpayer with a delinquent tax liability who enters into an agreement with the Department of Revenue for an installment payment plan which extends beyond 90 days;
2. Create a service fee of \$50 to be assessed to any taxpayer requesting a full or partial abatement of his or her tax liability;
3. Create a service fee of \$22 that would be withheld by the Department upon remitting funds to the Internal Revenue Service in response to a levy on those funds; and
4. Create a 12.0 percent payment processing fee collected by the Department on the amount of any payment or remittance of delinquent taxes, including penalties and interest.

The bill would remove a provision in current law which requires the Department of Revenue to remit the first \$350,000 in delinquent taxes collected each fiscal year to the state treasury to be credited to the Recovery Fund for Enforcement Actions and Attorney Fees Fund in the Department of Revenue.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	--	\$17,000,000
Expenditure	--	--	--	\$145,600
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 83 would increase revenue to the Recovery Fund for Enforcement Actions and Attorney Fees Fund by approximately \$17.0 million in FY 2014. The Department bases its estimate on \$141.0 million in delinquent taxes expected to be collected in FY 2014 ($\$141.0 \text{ million} \times 12.0 \text{ percent} = \16.92 million). These funds could be used by the agency for administration and operational uses throughout the agency. The Department estimates that SB 83 would increase its expenditures by \$145,600 in FY 2014, which includes administrative costs of \$85,200 for 2,840 hours of programming and costs in the Division of Taxation of \$60,400 for administrative costs and 1,840 hours of testing. Any fiscal effect associated with SB 83 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue