

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4102-01  
Bill No.: HB 1048  
Subject: Revenue Department; Taxation and Revenue - General; Taxation and Revenue - Income  
Type: Original  
Date: February 17, 2014

Bill Summary: This proposal would allow taxpayers to claim credits or refunds of tax overpayments when the Department of Revenue examines the taxpayer's returns after the period of limitations for such claims expire.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 143.801, RSMo. - Credits and Refunds

Changes to this provision would allow a taxpayer to claim tax credits or refunds if the Department of Revenue examines any return previously filed and determines the taxpayer was eligible for the tax credits or refunds. The Department would be required to notify the taxpayer of the tax credit or refund, and the taxpayer could file a claim for the tax credits or refund within one year from that notice regardless of the period of limitations for such claims.

Officials from the **Department of Revenue** and the **Office of Administration - Division of Budget and Planning** did not respond to our request for information.

**Oversight** has no information regarding the number of tax returns or the amounts involved when previously unclaimed tax credits or refunds would be discovered by the Department of Revenue. Oversight assumes there would be a limited number of a claims, which DOR could manage with existing resources. Oversight assumes this proposal would result in an unknown reduction in revenue for the General Revenue Fund beginning in FY 2015.

**Oversight** assumes this proposal would apply only to income taxes and would have no impact on other state funds or on local governments.

Officials from the **Department of Economic Development** and the **Department of Insurance, Financial Institutions and Professional Registration** assume there would be no fiscal impact to their respective organizations from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction - DOR</u>			
Refunds			
Section 143.801	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal would allow a taxpayer to claim a credit or refund of an income tax overpayment when the Director of the Department of Revenue examines the taxpayer's return after the period of limitations expires and the examination reveals that the taxpayer would have been eligible for a credit or refund if the examination had been timely. The Director of the Department of Revenue would be required to notify the taxpayer of any overpayment discovered and the taxpayer would be allowed to file a claim for the credit or refund within one year of the notice.

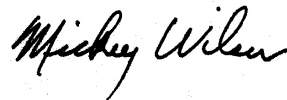
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Department of Insurance, Financial Institutions and Professional Registration

**Not responding:**

Office of Administration  
    Division of Budget and Planning  
Department of Revenue



Mickey Wilson, CPA  
Director  
February 17, 2014

Ross Strobe  
Assistant Director  
February 17, 2014