

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1748-01
Bill No.: HB 1190
Subject: Taxation and Revenue - General; Department of Revenue
Type: Original
Date: April 12, 2019

Bill Summary: This proposal extends the amount of time available for taxpayers to file for a refund for certain tax overpayments.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue*	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
School District Trust Fund*	(Unknown)	(Unknown)	(Unknown)
Conservation Commission Funds*	(Unknown)	(Unknown)	(Unknown)
Park, Soil & Water Funds*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on Other State Funds*	(Unknown)	(Unknown)	(Unknown)

Depending upon refund claims, the impact could be “significant”

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government*	(Unknown)	(Unknown)	(Unknown)

Depending upon refund claims, the impact could be “significant”

FISCAL ANALYSIS

ASSUMPTION

§144.190 Tax Refund

Officials from **Office of Administration - Budget and Planning (B&P)** assume this proposal may reduce Total State Revenues (TSR) by an unknown, possibly significant, amount. This proposal may impact the calculation under Article X, Section 18(e).

This proposal would allow taxpayers to file for a sales or use tax refund within ten years. Current law allows taxpayers to amend returns up to three years. B&P is unable to determine the potential number of taxpayers who would chose to amend their sales tax returns back an additional seven years.

Therefore, B&P estimates that this proposal may have an unknown, possibly significant, impact to TSR and General Revenue beginning in FY 2020 and annually thereafter.

Officials from **Department of Revenue (DOR)** state a taxpayer may claim for a refund if any tax, penalty or interest has been paid more than once, or has been erroneously or illegally collected, or has been erroneously or illegally computed within ten years from the date of the overpayment rather than the current three years allowed.

The Department of Revenue is unable to provide evidence backed estimates. DOR does not have a mechanism in place that tracks the number or value of refund claims that are submitted after the three year statute of limitations.

DOR estimates an unknown to significant negative impact.

Oversight will show an unknown impact to the state sales and use tax funds as well as local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE			
<u>Cost - DOR - §144.190 additional refunds for overpayment under chapter 144</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 SCHOOL DISTRICT TRUST FUND			
<u>Cost - DOR - §144.190 additional refunds for overpayment under chapter 144</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 CONSERVATION COMMISSION FUNDS			
<u>Cost - DOR - §144.190 additional refunds for overpayment under chapter 144</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUNDS*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

* Depending upon refund claims, the impact could be “significant”

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
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PARK, SOIL & WATER FUNDS

Cost - DOR - §144.190 additional refunds for overpayment under chapter 144	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON PARK, SOIL & WATER FUNDS*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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LOCAL POLITICAL SUBDIVISION FUNDS

Cost - DOR - §144.190 additional refunds for overpayment under chapter 144	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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Depending upon refund claims, the impact could be “significant”

FISCAL IMPACT - Small Business

Oversight assumes there could be a fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

Currently, a taxpayer may apply for a credit or refund of overpayment of sales taxes remitted to the state for a period of up to three years after the date of overpayment. This bill changes that period from three years to 10 years.

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

L.R. No. 1748-01
Bill No. HB 1190
Page 6 of 6
April 12, 2019

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning



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April 12, 2019

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