

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** Joseph P. Johnson, Jr.
3. **Committee** Passed House and Senate

2. **Bill Number** HB 924
House of Origin:
 Introduced
 Substitute
 Engrossed

4. **Title** Collection of state taxes by local treasurers

- Second House:**
 In Committee
 Substitute
 X **Enrolled**

5. **Summary/Purpose:**

This bill would allow the Department of Taxation to appoint local government treasurers to collect delinquent state taxes in the same manner as they collect delinquent local taxes.

This bill does not specify an effective date.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

6a. **Expenditure Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Fund</i> |
|--------------------|----------------|-------------|
| 2003-04 | \$42,220 | GF |
| 2004-05 | \$6,600 | GF |
| 2005-06 | \$6,600 | GF |
| 2006-07 | \$6,600 | GF |
| 2007-08 | \$6,600 | GF |
| 2008-09 | \$6,600 | GF |
| 2009-10 | \$6,600 | GF |

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

The Department would incur administrative costs in the amount of \$42,220 in FY 2005 and \$6,600 annually thereafter to set up systems for assigning and tracking collections assigned to local treasurers.

The impact of this bill on General Fund revenue is unknown. However, to the extent that local Treasurers collect state taxes that would otherwise have been uncollectible, General Fund revenue would be increased.

9. **Specific agency or political subdivisions affected:**

Local Treasurers
Department of Taxation

10. Technical amendment necessary: None.

11. Other comments:

The Department has a sophisticated collection system for collecting delinquent state taxes that has also been successfully utilized to collect other debts owed to the state and local governments, e.g., court fines and costs. However, there may be situations where it would be appropriate to utilize local treasurers. For example, if a taxpayer owes both local and state taxes it may be more efficient to permit the local treasurer to collect both together.

cc : Secretary of Finance

Date: 3/16/04 JPJ