

# DEPARTMENT OF TAXATION

## 2007 Fiscal Impact Statement

1. **Patron** Vivian E. Watts

2. **Bill Number** HB 2284

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Withholding; Filing Returns

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

### 5. **Summary/Purpose:**

This bill would require those employers who must file withholding tax returns on a monthly basis to file those returns on the 25<sup>th</sup> of the following month. Under current law, monthly filers must file the return on the last day of the following month for months that close a calendar quarter. For months that do not close a calendar quarter, the return is due on the 20<sup>th</sup> day of the following month.

The effective date of this bill is not specified.

6. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

#### 6a. **Expenditure Impact:**

| <i><b>Fiscal Year</b></i> | <i><b>Dollars</b></i> | <i><b>Fund</b></i> |
|---------------------------|-----------------------|--------------------|
| 2006-07                   | \$61,320              | GF                 |
| 2007-08                   | \$1,000               | GF                 |
| 2008-09                   | \$1,000               | GF                 |
| 2009-10                   | \$1,000               | GF                 |
| 2010-11                   | \$1,000               | GF                 |
| 2011-12                   | \$1,000               | GF                 |
| 2012-13                   | \$1,000               | GF                 |

7. **Budget amendment necessary:** Yes.

ITEM(S): 264 and 265, Department of Taxation

### 8. **Fiscal implications:**

TAX would incur costs of \$61,320 for FY 2007 for forms development, and the printing and mailing of the new monthly coupon books. In addition, TAX would be required to pay \$1,000 for each fiscal year thereafter for the cost of a new post office box. Currently, monthly and quarterly filers use the same withholding tax return form. Because this bill would create different due dates for these returns, the forms would have to be changed to visually distinguish between the monthly and quarterly returns. To facilitate this, a separate mailing address would be required.

This bill may have a negative revenue impact due to the loss of interest earnings, but it would be negligible.

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

Department of Taxation

**10. Technical amendment necessary:** No.

**11. Other comments:**

Current Law

Employers must file a monthly withholding tax return if their average monthly withholding tax liability is at least \$100, but less than \$1,000. For months that close a calendar quarter, taxpayers must file the return on the last day of the following month. For months that do not close a calendar quarter, the return is due on the 20<sup>th</sup> day of the following month.

Proposal

This bill would require those employers who must file withholding tax returns on a monthly basis to file those returns on the 25<sup>th</sup> of every month.

cc : Secretary of Finance

Date: 1/26/2007 AMS  
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