

DEPARTMENT OF TAXATION

2007 Fiscal Impact Statement

1. **Patron** Timothy D. Hugo

3. **Committee** House Finance

4. **Title** Collection of Taxes

2. **Bill Number** HB 2135

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would prohibit the TAX from appointing a debt collector to collect taxes that are less than 90 days delinquent. In addition, this bill would require that the initial assessment of any tax include a notice to the taxpayer of the taxpayer's right to apply to the Tax Commissioner for a correction in the assessment and the right to have the Tax Commissioner refrain from actions to collect the tax after receipt from the taxpayer of notice of intent to file for such correction on the initial assessment.

The effective date of this bill is not specified.

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

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

8. **Fiscal implications:**

Administrative Costs

TAX has not assigned any administrative costs to this bill because the changes required by a single bill such as this can be implemented as part of the annual changes to our systems and forms. As stand-alone legislation, TAX considers implementation of this bill as "routine," and does not require additional funding.

TAX will provide specific administrative costs on any legislation that is not "routine." Additionally, TAX will review all state tax legislation likely to be enacted prior to the passage by each house. If the aggregate number of routine bills likely to pass either house is unusually large, it is possible that additional resources will be required. If so, TAX will identify the costs at that time.

Revenue Impact

To the extent that some collections may be delayed, this bill would have a negligible negative impact on state revenue.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Current Law

TAX is authorized to appoint debt collector in any county or city to collect delinquent state taxes at any time.

The notice that TAX sends to taxpayers with an initial assessment states, "If you do not agree with the assessment, you may send a written protest within 90 days from the date of the assessment. Collection activity will continue until your protest is received . . . For complete information on your rights in assessment and collection proceedings, as well as instructions for filing protests and appeals, please visit our web page at www.tax.virginia.gov, and click on Publications on the home page."

The relevant publication is the Virginia Taxpayer Bill of Rights, which contains twenty-one pages explaining the audit and collection process and detailing the taxpayer's rights at each stage. It also includes forms for filing an administrative appeal and other administrative remedies.

Proposal

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cc : Secretary of Finance

Date: 1/26/2007 AMS
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