

**DEPARTMENT OF TAXATION  
2011 Fiscal Impact Statement**

**1. Patron** Clarence E. Phillips

**2. Bill Number** HB 2171

**3. Committee** Passed by House and Senate

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

**4. Title** Real Property Tax; Personal Property Tax;  
Town of Coeburn

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

**5. Summary/Purpose:**

This bill would authorize the Town of Coeburn to waive the interest and penalties on real and personal property taxes for any tax year beginning prior to January 1, 2009, provided the taxes are paid during the period October 1, 2009 through December 31, 2011. The bill would also authorize the Town of Coeburn to refund the interest and penalties on real and personal property taxes if the interest and penalties are paid during the period October 1, 2009 through December 31, 2011.

The effective date of this bill is not specified.

**6. Budget amendment necessary:** No.

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

**8. Fiscal implications:**

This bill would have no impact on state revenues. To the extent that the Town of Coeburn exercises the authority to waive the interest and penalties on real and personal property taxes, this bill would result in a decrease in local revenue.

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

Town of Coeburn

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

**11. Other comments:**

Generally

Localities are permitted, but not required, to impose penalty and interest on delinquent taxes. However, once imposed, there is little express authority in the law to waive penalties and interest for reasonable cause. Existing law states that no penalty or interest

shall be imposed when the failure to file or pay timely was not the fault of the taxpayer. This provision is strictly construed in many localities.

In its administration of state taxes, TAX has the discretion to waive penalty and interest for good cause, but current law requires the Tax Commissioner to preserve a record of the reason for the waiver.

### Proposal

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cc : Secretary of Finance

Date: 2/23/2011 KP  
DLAS File Name: HB2171FER161