

DEPARTMENT OF TAXATION

2024 Fiscal Impact Statement

1. **Patron** Phillip A. Scott

3. **Committee** House Finance

4. **Title** Filling of Tax Returns or Payment of Taxes –
Penalties

2. **Bill Number** HB 1507

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would provide that, in determining whether there is fault by the taxpayer to determine if penalty and interest for failure to file a return or to pay a tax must be imposed, the appropriate local tax official must consider whether the taxpayer actually received a bill.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

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

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

8. **Fiscal implications:**

Administrative Costs

This bill would have an unknown impact on local administrative costs but no impact to state costs.

Revenue Impacts

The bill would have no impact on state or local revenues.

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

All localities

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

11. Other comments:

Background

Current law allows a tax return or a tax payment to be deemed to have been timely received if, through no fault of the taxpayer, no postmark is affixed, or if the postmark affixed by the Postal Service is illegible or bears no date and such tax return or payment is received within five days of the due date. In addition, no penalty or interest is imposed if a taxpayer provides evidence that a return filing or payment was timely processed by producing a Post Service Certificate of Mailing, or other proof of mailing, showing such return or payment was made on time, or if a taxpayer's failure to file a return or make a payment to a locality was the fault of the Postal Service.

To determine if penalty and interest for failure to file a return or to pay a tax will be imposed, the treasurer must make determinations of fault relating exclusively to failure to pay a tax, and the commissioner of the revenue must make determinations of fault relating exclusively to failure to file a return, and in jurisdictions not having a treasurer or commissioner of the revenue, the governing body may delegate to the appropriate local tax officials the responsibility to make the determination of fault.

Proposal

This bill would provide that, in determining whether there is fault by the taxpayer to determine if penalty and interest for failure to file a return or to pay a tax must be imposed, the appropriate local tax official must consider whether the taxpayer actually received a bill.

If enacted during the regular session of the 2024 General Assembly, this bill would become effective July 1, 2024.

cc : Secretary of Finance

Date: 2/4/2024 KS
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