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## FISCAL IMPACT REPORT

SPONSOR: Jennings DATE TYPED: 03/04/01 HB \_\_\_\_\_  
 SHORT TITLE: Delinquent Tax Liability, CA SB SJR 24  
 ANALYST: Williams

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
		See Text		

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files  
 Office of Attorney General (AG)

No Response  
 Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

The bill proposes an amendment to the state constitution to authorize the Secretary of Taxation and Revenue to reduce the amount of interest or civil penalty assessed and due on a delinquent tax liability. The Secretary could use this authority when he is in doubt as to whether these amounts are collectable. The legislature would enact laws providing procedures for compromising these amounts, methods for appeal, standards and guidelines, and a process of independent review of Secretarial action.

#### Significant Issues

The Attorney General's Office notes the amendment would clarify the constitutionality of tax amnesty programs under which interest and penalties on delinquent tax payments are forgiven.

### FISCAL IMPLICATIONS

Theoretically, this legislation would result in revenue reductions for those funds for which the Taxation and Revenue Department serves as the tax collector, including the state general fund, severance tax bonding fund and state road fund. However, to the extent that the Secretary's action is based on the fact that the liability is uncollectable, the fiscal impact would not be significant.

**POSSIBLE QUESTIONS**

1. Would this provision impact distributions of gross receipts tax and gasoline taxes which are collected by the state and distributed to local governments?

AW/ar