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FISCAL IMPACT REPORT

SPONSOR Beffort DATE TYPED 2-20-2005 HB _____
 SHORT TITLE Tax Payment and Withholding Requirements SB 171
 ANALYST Taylor

REVENUE

| Estimated Revenue | | Subsequent Years Impact | Recurring or Non-Rec | Fund Affected |
|-------------------|------|----------------------------|-------------------------|------------------|
| FY05 | FY06 | | | |
| NFI | NFI | | Recurring | General Fund |

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department

SUMMARY

Synopsis of Bill

Senate Bill 171 is introduced for the Revenue Stabilization and Tax Policy Committee. The bill:

- changes the penalty threshold for estimated personal income tax payments from five hundred dollars to one-thousand dollars;
- adds April 15th as an estimated payment installment date for corporate income taxes;
- establishes that taxes deducted and withheld under the Oil and Gas Withholding Tax Act shall be considered estimated corporate income tax payments.

Significant Issues

The Taxation and Revenue Department notes that the change in the penalty threshold means that no penalty would be assessed if the amount underpaid is less than one thousand dollars, and that the change brings the state to the same level as the federal level.

They also indicate that the provision regarding oil and as withholding was added in the 2004 legislative session, but was not annotated because of bill conflicts.

FISCAL IMPLICATIONS

TRD reports that these provisions would not impact revenue collection amounts, although they would impact the timing of the collections.

The provision raising the underpayment threshold would eliminate a small amount of penalty assessments, but they say the department has temporarily suspended assessments of these due to processing errors, and thus there is no immediate impact. There could be a modest impact in the future, however, they say.

The addition of another corporate quarterly payment due date is expected to accelerate receipts by a few months, according to the department. The acceleration is not expected to impact the fiscal year in which the money is collected, however.

ADMINISTRATIVE IMPLICATIONS

TRD submitted the following administrative impact report:

Provisions of the proposal could be administered with resources currently available to the Department.

The proposed changes in personal income tax payment requirements would reduce the costs of administration by reducing the number of enforcement actions taken by the Department. The resulting impacts on penalty collections and estimated payment timeliness would be relatively modest.

BT/njw