

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 837** HLS 24RS 2077

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 12, 2024	3:58 PM	Author: EMERSON
Dept./Agy.: Board of Tax Appeals		
Subject: Appropriates Judgements from Board of Tax Appeals		Analyst: Noah O'Dell

TAX APPEALS/BOARD

OR SEE FISC NOTE

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Raises the limit on the value of claims approved by the Board of Tax Appeals that are to be paid from current tax collections

Current law authorizes Board of Tax Appeals (BTA) judgments for claims against the state of \$20,000 or less to be paid by the Department of Revenue (LDR) to taxpayers without interest or appropriation, totaling up to \$2 M annually. This amount may exceed \$2 M for a fiscal year with the approval of a higher amount from the Commissioner of the Administration and JLCB. If a BTA judgment on a claim exceeds \$20,000, it shall be reported to the legislature for its consideration and appropriation.

Proposed law increases the monetary limit for BTA judgments without appropriation from \$20,000 to \$100,000. Claims less than \$100,000 shall be paid by LDR to taxpayers without interest or appropriation. The \$2 M annual limit and exceptions for exceeding it set forth in current law are retained. If a BTA judgment on a claim is greater than or equal to \$100,000, it shall be reported to the legislature for its consideration and appropriation. Effective August 1, 2024.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

REVENUES	2024-25	2025-26	2026-27	2027-28	2028-29	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0

Annual Total

EXPENDITURE EXPLANATION

Proposed law is expected to decrease SGF expenditures annually due to fewer appropriated BTA judgments, since claims between \$20,000 and \$99,999 will no longer require an appropriation by the Legislature. These claims may now be paid by LDR from current collections that will manifest in the budget as a reduction in SGF revenue in the same amount (see Revenue Explanation). Without consideration of timing of LDR payments compared to an appropriation, the net impact to the state fisc is zero since the bill does not alter obligations of the state or change the allowable annual cap of \$2M for non-appropriated payments of claims. The timing of non-appropriated payments compared to appropriated payments may impact individual fiscal years differently.

The BTA reports currently there are 35 outstanding approved judgments with \$20,000-\$99,999 in claims that have not yet been paid or appropriated, totaling \$1.9M. Under proposed law, this amount would still be beneath the \$2M annual cap annual claims. However, it would only leave \$80,317 under the cap for judgments for FY 25. The judgments cap of \$2M each fiscal year may only be exceeded if a higher amount for a fiscal year is approved by the Commissioner of the Administration and JLCB.

Moving these obligations to non-appropriated status may also remove them from the expenditure limit calculation.

REVENUE EXPLANATION

Proposed law will decrease SGF revenues by an amount equal to the decrease in SGF expenditures each fiscal year. Since these claims payments (\$20,000-\$99,999) are no longer appropriated by the Legislature, they will ultimately be paid by LDR from tax collections and reduce SGF revenues accordingly.

The bill appears to expedite or increase the speed of the return of monies due to taxpayers by no longer requiring an appropriation for claims against the state between \$20,000 and \$99,999. The bill does not impact the state's obligations. Without consideration of timing of LDR payments compared to an appropriation, the net impact to the state fisc is zero since the bill does not alter obligations of the state or change the allowable annual cap of \$2M for non-appropriated payments of claims. The timing of non-appropriated payments compared to appropriated payments may impact individual fiscal years differently.

In current law, BTA judgments paid without an appropriation are limited to \$2M annually. Under proposed law, the \$2M annual limit is retained but would apply to claims less than \$100,000.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Deborah Vivien
Chief Economist