

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 338** HLS 15RS 593  
 Bill Text Version: **ENROLLED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 7, 2015 2:26 PM	<b>Author:</b> DANAHAHAY
<b>Dept./Agy.:</b> Board of Tax Appeals/Revenue/Local	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Adds jurisdiction and judge salary for Local Tax Division	

TAX APPEALS/BOARD EN +\$60,000 SG EX See Note Page 1 of 1  
 Provides with respect to the enforcement and adjudication of state and local taxes and the Board of Tax Appeals

Current law authorizes the Board of Tax Appeals to hear and rule on disputes involving all state taxes and local sales tax disputes. Proposed law expands the jurisdiction of the Board of Tax Appeals (BTA) on local cases to include incidental demands, rules to cease business and payments under protest, essentially authorizing the BTA to hear all sales tax cases that would otherwise go to District Court with similar powers. Contempt provisions are also included. The bill also creates the Local Sales Tax Division as an independent agency within the BTA (within Civil Service) with the local tax judge as the agency head. The local tax judge is also one of three judges serving on the Board to hear state cases. The bill creates an Escrow Account outside of state treasury with several intra-funds to hold required deposits or payments for services or appeals costs to be distributed to the appropriate party. Local funds will be held separate with local fees in the Local Tax Division Expense Fund created by this bill, ultimately to be used as SGR by the BTA Local Tax Division. BTA will retain 0.1% of all deposits along with a fee for escrow use. Interest from the fund remains in the fund. The bill also contains several prescription provisions. An additional \$50,000 in local use tax distributions will be directed to the BTA annually through FY 19 with the additional contribution decreasing to \$45,000 annually thereafter.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	<b>\$150,000</b>
Ded./Other	\$52,500	\$52,500	\$52,500	\$52,500	\$52,500	<b>\$262,500</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$82,500</b>	<b>\$82,500</b>	<b>\$82,500</b>	<b>\$82,500</b>	<b>\$82,500</b>	<b>\$412,500</b>

  

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	<b>\$150,000</b>
Ded./Other	\$52,500	\$52,500	\$52,500	\$47,500	\$42,500	<b>\$247,500</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>(\$50,000)</u>	<u>(\$50,000)</u>	<u>(\$50,000)</u>	<u>(\$45,000)</u>	<u>(\$40,000)</u>	<b>(\$235,000)</b>
<b>Annual Total</b>	<b>\$32,500</b>	<b>\$32,500</b>	<b>\$32,500</b>	<b>\$32,500</b>	<b>\$32,500</b>	<b>\$162,500</b>

**EXPENDITURE EXPLANATION**

With the anticipated increase in cases due to the jurisdictional expansion, the Local Tax Judge salary will increase by about \$60,000 with related benefits of about \$23,000 per year. There are no other anticipated overhead expenses related to these additional cases.

**REVENUE EXPLANATION**

The bill directs an additional \$50,000 annually in FY16, FY17 and FY 18 in local distributions of the Consumer Use Tax proceeds to the BTA because the additional cases are related to local issues (total local contributions will be \$187,000 in FY 16, \$192,000 in FY 17 and \$197,000 in FY 18). The \$5,000 annual increases in the local contribution authorized in current law in FY 19 and FY 20 are eliminated in this bill leaving local contributions fixed at the FY 19 level of \$197,000 annually which is an increase of \$45,000 in FY 19 and \$40,000 in FY 20.

Filing fees related to expected additional cases will total about \$30,000 if the estimated case count materializes. Filing fees are \$450 per case with about 67 additional cases expected. An additional \$2,500 is expected from Escrow Fund fees authorized by this bill.

In total, the SGR and IAT generated from this bill is estimated to pay for the increase in salary and benefits for the Local Tax Judge called for in this bill in the first three years. With the annual increase of \$5,000 in local use tax contributions ending in FY 19, the volume of local cases and thus filing fees must increase in the out years to continue to fund the local tax judge salary increase.

The other provisions of the bill are not expected to materially impact the budget.

- |   |                            |       |  |
|---|----------------------------|-------|--|
| Senate  | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}                 |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} |                            |       | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

*Gregory V. Albrecht*  
**Gregory V. Albrecht**  
**Chief Economist**