



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: HB 14 HLS 201ES 35
Bill Text Version: ENGROSSED
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 15, 2020 6:08 PM Author: SCHEXNAYDER
Dept./Agy.: Revenue Analyst: Benjamin Vincent
Subject: Centralized Collections of State and Local Sales Tax

TAX/SALES & USE EG SEE FISC NOTE SG EX See Note Page 1 of 1
(Constitutional Amendment) Authorizes the legislature to provide by law for the collection of sales and use taxes levied within the state (Item #27)

Proposed law provides for a constitutional amendment that authorizes the legislature to enact centralized collection of sales and use taxes for all taxing authorities within the state.

Effective upon adoption of this constitutional amendment presented to the voters at a statewide election on November 3, 2020.

Table with columns: EXPENDITURES, REVENUES, 2020-21, 2021-22, 2022-23, 2023-24, 2024-25, 5-YEAR TOTAL. Rows include State Gen. Fd., Agy. Self-Gen., Ded./Other, Federal Funds, Local Funds, and Annual Total.

EXPENDITURE EXPLANATION

This note assumes that LDR will assume responsibility of centralized collection contemplated by proposed law, including collection, auditing, legal interpretation, administration, and enforcement.

Centralized collections would require enabling legislation, and incur initial costs occurring prior to the start date. LFO assumes that additional state general fund expenditures would be required in FY21 to prepare for centralized collections.

An LDR analysis made in 2019 estimated that 29 required positions and OTS requirements resulted in an initial estimated cost of approximately \$4 mil for initial setup, and an annual cost of approximately \$7 mil per year upon full ramp-up of LDR responsibilities.

LFO notes that some iterations of recent proposed centralized collections legislation has left audit authority with political subdivisions. Actual costs and how they are financed would largely depend on the particular enabling legislation required by the amendment.

Presumably, local expenditures associated with tax collection would decrease when centralized collections commence, although costs associated with distribution of collections remitted by the state could still be incurred.

REVENUE EXPLANATION

Assuming state collection fees are associated with local tax collections, LDR self-generated revenue would increase as implementation of collections proceeds, and net local receipts distributed back by LDR would be lower than otherwise.

Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}
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}
Gregory V. Albrecht
Chief Economist