

FISCAL NOTE

Prepared in regard to: House Bill 1308
(List bill or resolution and number, if available, or subject)

Amendment to: _____
(List bill or resolution and number).

Requested by: Legislative Council Date of receipt: January 19, 1981

In the following space note the fiscal effect in dollars of the legislative proposal:

Narrative:

House Bill 1308, if enacted, would provide no revenues to the state general fund. The Tax Department does not have ready access to information relating to the bill's maximum revenue potential among local municipalities. Administrative costs to the state would depend on the number and size of municipalities levying the tax. Estimated administrative expense include:

Start-up Expenses - \$11,000

- Data Processing Program Charges
- Preparation fo Rules & Regulations
- Initial Forms Design

Basic Administrative Costs - \$36,000 Per Biennium

- Revision of Rules & Regulations
- On-going Forms Design
- Returns Screening
- Additional Printing (especially corporate returns)
- Program Charges to Accommodate or Drop Additional Counties
- Data Processing Costs

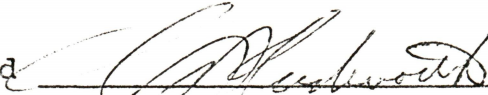
Administrative Costs Per Municipality - \$4,000 Per Biennium

- Auditing
- Enforcement
- Collections

(CONTINUED ON ATTACHED PAGE)

Fiscal Effect:

<u>1981-82</u>		<u>1982-83</u>		<u>Total Biennium</u>	
<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>

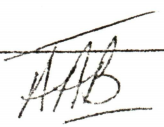
Signed 

Typed Name C.W. Cudworth

Date Prepared: January 30, 1981

Department Tax

If additional space is needed, attach a supplementary sheet.



This document paid for with State funds.

If House Bill 1308 is enacted, it is recommended that a contingency fund of \$87,000 be established to cover administrative costs during the biennium. (Assumes a maximum of 10 municipalities levying the municipal income tax during the biennium.)

NOTES:

1. Because corporations would be required to apportion their income among the municipalities in which they do business, corporate income tax form design, compliance and auditing could become extremely complicated and costly.
2. The date specified on page 3 of section 1 of the bill for notifying the Tax Commissioner of a municipal income tax levy is too late for forms design. Forms design must be completed on or about September 30 of each year.
3. Current forms request that taxpayers identify the school district in which they reside. At last count, over 10% of the filers failed to supply this information and a significant number supplies incorrect codes, suggesting the compliance procedures could be costly.