EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 26, 2015

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Total	0	0	0	0

Explanation   (Use Additional Sheets of Attachments, if required)

Please see attached

Name	Deonne Contine
Title	Executive Director

DEPARTMENT OF ADMINISTRATION'S COMMENTS

The agency's response appears reasonable.

Date	Thursday, March 19, 2015
Name	James R. Wells, CPA
Title	Interim Director

FN 5092

Exhibit 1

DESCRIPTION OF FISCAL EFFECT

BDR/Bill/Amendment Number: BDR 28-256

Name of Agency: Department of Taxation

Division/Department:

Date: March 17, 2015

BDR 28-256 provides that a public body must enter into contracts for public works that require the payment of any state or local taxes that would otherwise have been due for construction materials or goods. Additionally the bill provides that if a contract is entered into in violation of this legislation, the Department of Taxation, with information from the Attorney General, will withhold from the distribution either twice the amount due or $500,000, whichever is greater.

Revenue:

This legislation would now require sales and use taxes be paid on construction materials and goods for public works. With this, the Sales and Use Tax revenue is likely to increase. However, because the Department does not know how many public works may occur, and the cost of materials, we are unable to forecast the possible increase in this revenue.

Expenses:

The Department can administer these changes with current resources. However, it should be noted that it appears that if the Department were to withhold from distribution, any amounts due or $500,000, whichever is greater, the Department would utilize current distribution processes. Specifically, the money that is withheld would be deducted from the local entity in which we distribute. Secondly, we would take those funds and process them as a tax payment, which would go through our regular distribution processes.