

BDR 32-150

SB 378

EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 30, 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
Category 01 Personnel (Expense)	\$97,532	\$754,188	\$1,336,442	\$5,821,242
Category 03 In State Travel (Expense)			\$9,720	\$59,548
Category 04 Operating (Expense)	\$66,193	\$399,391	\$338,353	\$881,036
Category 05 Equipment (Expense)	\$81,134	\$250	\$84,915	\$109,890
Category 15 Lockbox (Expense)		\$812,154	\$812,154	\$1,082,872
Category 26 Information Tech (Expense)	\$339,523	\$664,052	\$131,387	\$243,643
Category 30 Training (Expense)		\$9,000		
Total	\$584,382	\$2,639,035	\$2,712,971	\$8,198,231

Explanation

(Use Additional Sheets of Attachments, if required)

Please see attached

Name Deonne Contine

Title Executive Director

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Monday, March 30, 2015

The agency's response appears reasonable.

Name James R. Wells, CPA

Title Interim Director

DESCRIPTION OF FISCAL EFFECTBDR/Bill/Amendment Number: BDR 32-150Name of Agency: Department of Taxation

Division/Department: _____

Date: March 26, 2015

BDR 32-150 makes adjustments to the current State Business License, creates a supplemental revenue fee, repeals the Modified Business Tax for non-financial institutions, and requires employers engaged in mineral extraction to pay Modified Business Tax at the 2% rate. This bill is effective July 1, 2015.

Expenses:

The following costs are a high level summary of the Department's initial estimates to implement BDR 32-150. The implementation costs include, but are not limited to, the following: changes to the Unified Tax System, notification costs, anticipated travel costs, operating costs and staffing including associated costs (rent, telephone, email, insurance, etc). Please note that the additional staff to administer the new tax would be hired over a multi-year time period to accommodate the necessary implementation efforts and training along with consideration to the position responsibilities. The Department has included costs in Fiscal Year 2015, should the legislation be passed and finalized earlier in the legislative session. Should the legislation not pass until further into the legislative session, the Department may need to reallocate some of the Fiscal Year 2015 expenses to Fiscal Year 2016, and the same with Fiscal Year 2016 to Fiscal Year 2017.

Implementation Costs

Category 01 – Personnel:

FY 2015: \$97,532
FY 2016: \$754,188
FY 2017: \$1,336,442
Future Biennia: \$5,821,242

Category 03 – In State Travel:

FY 2015: \$0
FY 2016: \$0
FY 2017: \$9,720
Future Biennia: \$59,548

Category 04 – Operating:

FY 2015: \$66,193
FY 2016: \$399,391
FY 2017: \$338,353
Future Biennia: \$881,036

Category 05 – Equipment:

FY 2015: \$81,134
FY 2016: \$250
FY 2017: \$84,915
Future Biennia: \$109,890

Category 15 – Lockbox:

FY 2015: \$0
FY 2016: \$812,154
FY 2017: \$812,154
Future Biennia: \$1,082,872

Category 26 – Information Technology:

FY 2015: \$339,523
FY 2016: \$664,052
FY 2017: \$131,387
Future Biennia: \$243,643

Category 30 – Training:

FY 2015: \$0
FY 2016: \$9,000
FY 2017: \$0
Future Biennia: \$0

Total Costs

FY 2015: \$ 584,382
FY 2016: \$ 2,639,035
FY 2017: \$2,712,971
Future Biennia: \$8,198,231

Revenue

The Department does not have sufficient information to provide an accurate estimate of the potential revenue and as such, the impacts are indeterminable.