

# BDR 32-1185

## SB 252

### EXECUTIVE AGENCY FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 27, 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	\$730,552	\$131,387	\$243,643
Category 30 Training (Expense)		\$9,000		
Total	\$584,382	\$2,705,535	\$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 Friday, March 27, 2015

Agency's response appears reasonable

Name James R. Wells

Title Director

**DESCRIPTION OF FISCAL EFFECT**BDR/Bill/Amendment Number: BDR 32-1185Name of Agency: Department of Taxation

Division/Department: \_\_\_\_\_

Date: March 25, 2015

BDR 32-1185 reforms the Business License Fee (BLF) to create a tiered fee structure based on gross revenue multiplied by an industry rate classification. The Business License Fee will be collected by the Department of Taxation and distributed to the State General Fund on a quarterly basis. This bill is effective July 1, 2015.

**Expenses:**

The following costs are a high level summary of the Department's initial estimates to implement the Business License Fee. 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 30 – Training:**

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

### **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: \$730,552  
FY 2017: \$131,387  
Future Biennia: \$243,643

## **Total Costs**

**FY 2015: \$ 584,382**  
**FY 2016: \$ 2,705,535**  
**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.