

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 3, 2011
POSITION: Oppose
SPONSOR: Author

BILL NUMBER: SB 11
AUTHOR: J. Anderson
RELATED BILLS: SB 120 (J. Anderson), AB 775 (Cook), SB 506 (Simitian), AB 1506 (J. Anderson) and SBX3 23 (Ashburn)

BILL SUMMARY: Exempting Taxpayer Debt from Fines When Using IOUs

This bill would prohibit a state entity from assessing a fine, interest, or penalty to an individual or entity that received a registered warrant until at least 30 days from the date the IOU is called by the state when used to pay off liability to the state. Current law, under certain circumstances, authorizes a taxpayer to delay payment of specified tax liability until the registered warrant (IOU) is payable by the state.

FISCAL SUMMARY

This bill would prevent the state from collecting an unknown, but potentially significant, amount of revenue money from fines, interest, or penalties that would otherwise be collected.

COMMENTS

While the bill may have some merit in alleviating some of the hardships related to the receipt and use of the IOUs, Finance opposes this bill for the following reasons:

- Unknown, but potentially significant, amount of lost revenues from not being able to collect the fines, interest, or penalties that would normally be assessed.
- Inequity for individuals who hold state issued registered warrants but do not owe the state any obligation.
- May be viewed as rewarding a delinquent taxpayer that fails to pay their tax liability simply because they received an IOU.

Analyst/Principal (0114) G. Bruss	Date	Program Budget Manager Veronica Chung-Ng	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

AUTHOR

AMENDMENT DATE

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J. Anderson

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SB 11

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	
9990/Var Depts	SO	No		-----	See Fiscal Summary	-----			0001
9990/Var Depts	SO	No		-----	See Fiscal Summary	-----			0494
9990/Var Depts	SO	No		-----	See Fiscal Summary	-----			0988

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0494	Other - Unallocated Special Funds
0988	Other - Unallocated NGC Funds