Fiscal Note & Local Impact Statement

123 rd General Assembly of Ohio

BILL: **H.B. 248** DATE: **April 28, 1999**

STATUS: **As Introduced** SPONSOR: **Rep. Barnes**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Grants a 6-month tax amnesty for delinquent personal income, sales and use, and corporate franchise taxes**

State Fiscal Highlights

STATE FUND	FY 2000	FY 2001	FUTURE YEARS
General Revenue Fund			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Potential increase	- 0 -
Tax Amnesty Fund			
Revenues	$98.4 million increase	- 0 -	- 0 -
Expenditures	$98.4 million increase	- 0 -	- 0 -

Note: The state fiscal year is July 1 through June 30. For example, FY 2000 is July 1, 1999 – June 30, 2000.

- Taxpayers with personal income taxes, sales and use taxes, or corporate franchise taxes that were unpaid for periods ending before 1999 may be granted a tax amnesty under which they may pay previously unpaid tax debts without the penalties normally assessed for unpaid taxes.
- Proceeds from the amnesty are to be paid to school districts with less-than-average per-pupil expenditures.
- The Department of Taxation will incur additional expenses associated with the implementation of the tax amnesty program. Among these expenses will be those of administering the program and publicizing the program.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 1999	FY 2000	FUTURE YEARS
School districts			
Revenues	- 0 -	$98.4 million increase	- 0 -
Expenditures	- 0 -	- 0 -	- 0 -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Proceeds from the amnesty are to be paid to school districts with less-than-average per-pupil expenditures.

Detailed Fiscal Analysis

The bill allows taxpayers that owe personal income taxes, sales and use taxes, or corporate franchise taxes to pay those taxes without having to pay associated penalties and, in some cases, interest. The amnesty applies to taxes that were unpaid for periods ending before 1999. Taxes for which an assessment notice has been issued, a final administrative determination has been made, or a civil action or criminal prosecution has begun are not eligible for amnesty. The bill creates the Tax Amnesty Fund into which all of the money collected under the amnesty is to be paid. The money is to be distributed to school districts on a per-pupil basis to those districts with lower-than-average per-pupil current expense expenditure.

The estimate of the revenue to be collected under the amnesty is based on the experiences of other states that implemented tax amnesty programs. These states conducted general amnesty programs that covered all major taxes. The table below presents information about these programs. All dollar amounts are in millions. Collection is the amount of money collected during the amnesty. Tax Revenue is the total amount of tax revenue collected during the year in which the amnesty was conducted. Percent is Collection as a percentage of Tax Revenue.

State	Amnesty Period			Collection	Tax Revenue	Percent
Georgia	10/01/1992	-	12/05/1992	$ 51.3	$ 7,267	0.71%
Washington, D.C.	07/10/1995	-	08/31/1995	19.5	2,438	0.80%
Connecticut	09/01/1995	-	11/30/1995	46.2	7,474	0.62%
Pennsylvania	10/13/1995	-	01/10/1996	93	18,262	0.51%
New Jersey	03/15/1996	-	06/01/1996	359	14,385	2.50%
Rhode Island	04/15/1996	-	06/28/1996	7.9	1,549	0.51%
New York	11/01/1996	-	01/31/1997	253.4	34,150	0.74%
Wisconsin	06/15/1998	-	08/14/1998	27	11,150	0.24%

The median value of Percent is 0.66 percent. Fiscal year 2000 forecasts of the revenues from the three taxes subject to amnesty are: Personal Income Tax $7,823.0 million; Sales and Use Tax $5,978.2 million; and Corporate Franchise Tax $1,105.0 million. The sum of these three taxes is $14,906.2 million. Multiplying this amount by 0.66 percent yields $98.4 million as an estimate of the amount of money that may be collected under the amnesty program.

❑ *LBO staff: Allan Lundell, Economist*

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