

HB 592 AMENDMENTS

1. Amends 15-1-216 (2005 version). A housekeeping amendment for an apparent inadvertent omission in the Senate amendment adding current Bill section 2. Amends the 2005 version of 15-1-216 to clarify that the 2005 and 2007 versions are identical in specifying that the late payment penalty runs from the original due date of the return regardless of whether the taxpayer has received an extension of time for filing.

2. Amends 15-1-216 (2007 version). Amends the 2007 version of 15-1-216 to increase the general late payment monthly accrual rate from 1% to 1.5%.

Rationale: The higher accrual rate will encourage earlier payment of overdue taxes and reduce the number of taxpayers who reach the maximum penalty. The proposed change helps make the legislation nearly revenue neutral in the 2009 biennium. Without the amendment, the legislation reduces revenue in the 2009 biennium by \$2.6 million.

3. Amends 15-1-216 (2007 version). Amends the 2007 version of 15-1-216 to lower the general late payment total penalty from 15% to 12% of the tax due.

Rationale: The reduction in the maximum penalty benefits taxpayers having the most difficult time paying overdue taxes. The reduction does not have a major fiscal impact.

4. Amends 15-1-216 (2007 version). Amends 2007 version of 15-1-216 by striking language that would create different total late payment penalty amounts for the trust taxes (wage withholding; retail telecommunications excise tax, lodging facility use tax; and accommodations and rental vehicle use tax) depending on whether the tax liability is more or less than \$3,000 (total penalty of 15% if tax is \$3,000 or over and 12% if tax is under \$3,000). Striking the language as provided in this amendment results in a late payment monthly accrual rate of 1.5%, and a late payment total penalty of 15% of the tax due, for wage withholding; retail telecommunications excise, lodging facility use; and accommodations and rental vehicle use taxes.

Rationale: The elimination of the special class of trust taxpayers (withholding, lodging, telecommunications, and rental vehicle taxes) will have a minimal impact. Few taxpayers are in this class, and even fewer are late with their payments.

5. Amends 15-1-216 (2007 version). Amends 2007 version of 15-1-216 by striking language that would create different total late payment penalty amounts for the trust taxes (wage withholding; retail telecommunications excise tax, lodging facility use tax; and accommodations and rental vehicle use tax) depending on whether the tax liability is more or less than \$3,000 (total penalty of 15% if tax is \$3,000 or over and 12% if tax is under \$3,000). Striking the language as provided in this

amendment results in a late payment monthly accrual rate of 1.5%, and a late payment total penalty of 15% of the tax due, for wage withholding; retail telecommunications excise, lodging facility use; and accommodations and rental vehicle use taxes.

Rationale: Same as for amendment 4.

OFFICIAL DRAFTED

AMENDMENTS TO HOUSE BILL 592 –

Drafter: Dave Ohler, DOR      Date: 04/16/05 7:44

1. Page 2, line 21.  
**Following:** "due."  
**Insert:** "The penalty accrues on the unpaid tax from the original due date of the return regardless of whether the taxpayer has received an extension of time for filing a return."
2. Page 3, line 16.  
**Strike:** "1%"  
**Insert:** "1.5%"
3. Page 3, line 17.  
**Strike:** "15%"  
**Insert:** "12%"
4. Page 3, line 19 through line 20.  
**Strike:** "if the total tax liability for a tax reporting period is equal to or greater than \$3,000"
5. Page 3, line 21 through line 22.  
**Strike:** "If the total tax liability for a tax reporting period is less than \$3,000, the penalty provisions of subsection (2)(a) apply."

- END -