

Fiscal Note Request HB0774, Second Reading

(continued)

\$7,814.70). (These threshold liability levels will adjust somewhat when the actual calculations are completed to take the minimum and maximum rebate amounts into account.)

5. This bill also requires the Department of Revenue to monitor filings of amended returns for tax year 2004, and to make adjustments up or down as required to the rebate amount associated with these amended returns, as amended returns are received for tax year 2004. Because these adjustments may occur well after the initial mailing of rebates, these adjustments could result in a final total amount rebated that is slightly more than or less than the original \$39.3 million provided for in the bill. Any additional funds in excess of the original \$39.3 million appropriated needed for this purpose are specifically appropriated in the bill.
6. The bill provides that the Department of Revenue will make the calculations and distribute the rebates of tax in FY 2006.
7. This bill transfers \$39.3 million from the general fund to a special revenue fund in FY 2005 and appropriates \$39.3 million from the special revenue fund to pay rebates in FY 2006.
8. Section 3 of the bill also provides for an appropriation of \$400,000 from the general fund to the Department of revenue for the 2007 biennium to administer the provisions of this bill.
9. There will be significant costs associated with the administration and compliance aspects of this bill. There will be significant costs associated with the initial determination of rebate amounts and the subsequent mailing of hundreds of thousands of rebate checks. The bill also requires the Department to track all tax year 2004 amended tax returns, and adjust any initial rebate amount issued for changes in tax year 2004 tax liability that arise as a consequence of an amended return. These adjustments must be handled by the Department by either crediting or debiting a taxpayer's subsequent tax return.
10. Department of Revenue costs to administer and ensure compliance with the provisions of this bill will be covered within the appropriation provided for in the bill.

FISCAL IMPACT:

	<u>FY 2005</u> <u>Difference</u>	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>			
Operating Expenses	\$0	\$400,000	\$0
Transfers – general fund to state special	\$39,300,000	\$0	\$0
Transfers – rebates	<u>\$0</u>	<u>\$39,300,000</u>	<u>\$0</u>
TOTAL	\$39,300,000	\$39,300,000	\$0
<u>Funding of Expenditures:</u>			
General Fund (01)	\$39,300,000	\$400,000	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$39,300,000</u>	<u>\$0</u>
TOTAL	\$39,300,000	\$39,300,000	\$0
<u>Revenues:</u>			
State Special Revenue (02)	\$39,300,000	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>			
General Fund (01)	(\$39,300,000)	\$(400,000)	\$0
State Special Revenue (02)	\$39,300,000	(\$39,300,000)	\$0

LONG-RANGE IMPACTS:

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(continued)

There may a small amount of the initial rebate expenditure that is recouped, or a small amount of additional rebate distributed to taxpayers in fiscal years 2007 and thereafter as adjustments to the initial rebate amount are made to amended returns.