



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0449 - Limit tax collection to 2 years (Emrich, Daniel )

**Status:** As Amended in House Committee

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$244,296	\$238,959	\$242,074	\$245,238
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$244,296)</u>	<u>(\$238,959)</u>	<u>(\$242,074)</u>	<u>(\$245,238)</u>

**Description of fiscal impact:** SB 449, as amended, revises the time requirements on filing and collecting on a warrant of distraint down to 5 years from 10, and requires the Department of Revenue (DOR) to write-off any tax deficiencies over the statute of limitations. The provisions in this bill would require an additional 3.00 FTE for the Department of Revenue to administer.

### FISCAL ANALYSIS

**Assumptions:****Department of Revenue**

- SB 449, as amended, shortens the time limits on filing a warrant for distraint and the duration that a warrant for distraint lasts.
- Under current law, DOR has no time restriction on filing a warrant for distraint, and once filed, a warrant lasts for 10 years and may be extended for 10 years through district court.
- This bill would require DOR to file a warrant for distraint within five years of the due date of the return or assessment. The bill also reduces the duration of a warrant for distraint from 10 to 5 years, and the renewal period through district court from 10 to 5 years.

***Department of Revenue Administrative Costs***

- Under current law, with a 10-year warrant for distraint, the DOR gets through about 35,000 new collection cases each year. A typical case sees an average of 13 tasks before resolution. That results in roughly 455,000 tasks to complete each year. One collector processes an average monthly volume of 1,000 tasks.

- Reducing the warrant of distraint period from 10 to 5 years would require the DOR collections unit to add three collection specialists to manage the increased workload to fairly collect, file warrant for distraint, issue garnishments, and to manage write offs within the shortened time period. The total costs for the additional 3.00 FTE would be \$244,296 in FY 2024, \$238,959 in FY 2025, \$242,074 in FY 2026, and \$245,238 in FY 2027.

*Estimated Tax Revenue Impact*

- It is assumed that on January 1, 2024, the effective date of SB 449, approximately \$5.8 million in tax delinquencies that are past the new warrant for distraint time constraints would have to be written off.
- The DOR currently writes-off about \$12-13 million each year in uncollectable debt. The longer a tax is delinquent, the less likely DOR will be able to collect it, so the current \$5.8 million of 10+ year old debt is most likely uncollectable. Under current law, it would likely be written off at some point, and this bill just requires it to be written-off immediately, at the beginning of 2024. Therefore, there is no estimated decrease in tax collections or general fund revenue because of this bill.

<u>Fiscal Impact:</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
<u>Department of Revenue</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<b>FTE</b>	3.00	3.00	3.00	3.00
<b><u>Expenditures:</u></b>				
Personal Services	\$209,622	\$212,868	\$215,494	\$218,154
Operating Expenses	\$34,674	\$26,091	\$26,580	\$27,084
<b>TOTAL Expenditures</b>	<u>\$244,296</u>	<u>\$238,959</u>	<u>\$242,074</u>	<u>\$245,238</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$244,296	\$238,959	\$242,074	\$245,238
<b>TOTAL Funding of Exp.</b>	<u>\$244,296</u>	<u>\$238,959</u>	<u>\$242,074</u>	<u>\$245,238</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$244,296)	(\$238,959)	(\$242,074)	(\$245,238)

NO SPONSOR SIGNATURE

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Sponsor's Initials

4.4.23

\_\_\_\_\_  
Date



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Budget Director's Initials

4-4-23

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Date