

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: April 3, 2005

Agency Submitting: Fiscal Division, Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2004-05	Fiscal Year 2005-06	Fiscal Year 2006-07	Effect on Future Biennia
See attached worksheet for fiscal impacts. (Revenue)				
Total				\$0

Explanation (Use Additional Sheets of Attachments, if required)

BDR32-776 Repeals the Business License Fee and the Modified Business Tax - General Business and Financial Institution components; and reinstates the Business Tax. See attached spreadsheet for fiscal impact. This bill draft request results in a revenue loss to the State general fund. Revenue amounts were calculated using Economic Forums projections; Business Tax projections were calculated by using the same percentage increase applied to MBT projected revenues by the Economic Forum. Included is an estimate for the cost to notify approximately 343,000 accounts of the statute changes. Costs associated with programming and development changes for the Unified Tax System is estimated at 5,000 hours X \$170 per hour. There would be no reduction to resources for the FY06 & FY07 biennium. To repeal these taxes and reinstate the Business Tax will require all resources to be in place to handle the collection issues and the volume of inquires from taxpayers that will take place. There will be outstanding compliance issues, delinquencies, and audits that will be performed for the period of time the repealed taxes were in affect. Activity on these taxes can continue from 3 to 8 years by current statute. In addition, this would require a major revamping of the new UTS system at a significant cost to the agency.

Name M. Lynne Knack

Title ASO III

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date April 11, 2005

Agency response appears reasonable.

Name John P Comeaux

Title Director

363B Fiscal Note

BDR:32-776
 Fiscal Note ID: 3296

Revenue: General Fund	FY06	FY07	Future Biennia
Business License Fee	\$ (22,000,000)	\$ (26,000,000)	\$ (52,000,000)
MBT - GB	(207,152,000)	(220,297,000)	(440,594,000)
MBT - FI	(22,000,000)	(25,000,000)	(50,000,000)
Sub Total	(251,152,000)	(271,297,000)	(542,594,000)
Business License Tax	87,000,000	89,779,000	179,558,000
Total	\$ (164,152,000)	\$ (181,518,000)	\$ (363,036,000)

Expense			
Cat. 04 Notification Costs	\$	514,500	
Cat. 11 UTS Modification	\$	850,000	
GRAND TOTAL	\$	(165,516,500)	\$ (181,518,000) \$ (363,036,000)

Department of Taxation
 Attachment to BDR