

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 28, 2023

Agency Submitting: Department of Taxation

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
Personnel Services (Expense)		\$224,268	\$294,728	\$580,724
Operating Expenses (Expense)		\$8,590	\$9,592	\$19,184
Equipment (Expense)		\$13,824		
Information Services (Expense)		\$111,732	\$32,954	\$14,212
AG Cost Allocation Plan (Expense)		\$25,376	\$12,749	
Total	0	\$383,790	\$350,023	\$614,120

Explanation

(Use Additional Sheets of Attachments, if required)

This bill provides for the imposition, administration, collection, and enforcement of a tax on the rental of certain heavy equipment; excluding certain heavy equipment from the tax on personal property and provides penalties. The Department will need to: draft regulations; add a new tax type, return, and forms for registration; and will require additional system programming. There will be new distribution requirement as well. This tax will need to be audited and an annual estimate of the tax will need to be made annually. This tax will add approximately 100-150 accounts. It is anticipated that the number of appeals and litigation will increase however cannot be determined at this time. Likewise, there will be an increase to General Fund Revenue due to the .75 Commission the Department will collect, however the positive revenue impact cannot be determined at this time.

To properly report and administer this new tax to the appropriate district and entities at the local government level, the Department will require additional positions: one Management Analyst II, one Management Analyst III, and one IT Technician V, plus associated operating costs beginning in October 2023. Personnel Services expenses will be incurred in the amount of \$224,268 in FY24 and \$294,728 in FY25. With the exception of overtime for IT staff, in FY24 and FY25, the costs will be recurring for future biennia. The Information Services expense includes MSA Programmer expenses and RSI Vendor Services to implement changes into the Department's computer system. These expenses will not recur in future biennia. The remaining costs in the Information Services expense category will be recurring for required EITS Assessment costs (phone, productivity suite, etc). There will be a one-time Equipment Expense in FY24 and recurring Operating Expenses beginning in FY24. The expense for the Attorney General (AG) Cost Allocation Plan will not recur after FY25.

Name Adriane Roberts-Larson

Title Deputy Executive Director - Administrative Services

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Monday, March 27, 2023

The agency's request appears reasonable.

Name Amy Stephenson

Title Director