

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 921 (Delegate Finifter)
Ways and Means

Maryland Taxpayer Bill of Rights Act of 1997

This bill creates a Taxpayers' Rights Advocate in the Office of the Comptroller to administer the taxpayer problem resolution program. Procedural protections for taxpayers are enhanced.

This bill is effective July 1, 1997.

Fiscal Summary

State Effect: General fund expenditures could increase an estimated \$102,100 in FY 1998. Out-year increases reflect annualization and inflation. Revenues could decline minimally as discussed below.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	--	--	--	--	--
GF Expenditures	102,100	122,700	133,500	145,200	153,000
Net Effect	(\$102,100)	(\$122,700)	(\$133,500)	(\$145,200)	(\$153,000)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Local revenues could decline a minimal amount as discussed below. Expenditures are not affected.

Small Business Effect: Potential minimal effect on small businesses as discussed below.

Fiscal Analysis

Bill Summary: This bill creates a Taxpayers' Rights Advocate in the Office of the Comptroller. The advocate is responsible for facilitating the resolution of taxpayer complaints not resolved through the normal administrative procedures of the Comptroller, Department of Assessments and Taxation, or the Registers of Wills. The advocate can

suspend or stay actions of a tax collector if a taxpayer would suffer a significant hardship as a result of the tax collection or enforcement process.

Additionally, this bill provides that tax collectors shall not promote or evaluate employees based on the amount of assessments or collections. Taxpayers can be represented by counsel at any time in administrative actions with a tax collector. Taxes, interest, and penalties can be abated if the taxpayer relied upon incorrect written advice from a tax collector's agent in response to a written question. Taxpayers may retire any tax obligation through installment payments, if the tax collector determines that such an agreement would facilitate collection of the debt. Provisions regarding the determination of jeopardy assessments are enhanced.

The Comptroller is required to submit a report by January 1 of each year to the Governor, the President of the Senate, and the Speaker of the House which details the tax collection process and how the Maryland Taxpayer Bill of Rights is being implemented.

State Revenues: By creating additional procedures and protections for taxpayers in tax assessments, collection activities, and enforcement, revenue collections could be delayed or precluded. The revenue loss, if any, is expected to be minimal.

State Expenditures: General fund expenditures could increase by an estimated \$102,100 in fiscal 1998, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one Revenue Administrator V, one Revenue Administrator III, and one Office Secretary III to administer the taxpayer problem resolution program. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$83,023
One-Time Costs	13,555
Recurring Operating Expenses	<u>5,550</u>

Total FY 1998 State Expenditures **\$102,128**

Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses.

Local Revenues: If the cost of administering the individual income tax or admissions and amusement tax increases, local revenues would decline. The revenue loss, if any, is expected to be minimal.

Small Business Effect: The additional protections and rights afforded to taxpayers under this bill could reduce the administrative requirements on small businesses contesting a tax assessment or collection, and therefore make abatement or recovery of an erroneous assessment easier.

Information Source(s): Office of the Comptroller (Revenue Administration Division),
Department of Assessments and Taxation, Department of Fiscal Services

Fiscal Note History: First Reader - February 23, 1997

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