

DEPARTMENT OF TAXATION

2022 Fiscal Impact Statement

1. **Patron** James A. "Jay" Leftwich

3. **Committee** House Finance

4. **Title** Tax assessments; notices.

2. **Bill Number** HB 1083

House of Origin:

X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would require the Department of Taxation ("the Department") to identify on assessments for omitted tax the date the initial tax return or payment was received by the Department, any payment amounts received from the taxpayer, and an explanation of the taxes, penalties, and interest related to such assessment.

If this bill is enacted during the 2022 Regular Session of the General Assembly, it would become effective July 1, 2022.

6. **Budget amendment necessary:** Yes.

Item(s): 274 and 276, Department of Taxation

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

7a. **Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021-22	Routine	0	GF
2022-23	\$194,130	0	GF
2023-24	Routine	0	GF
2024-25	Routine	0	GF
2025-26	Routine	0	GF
2026-27	Routine	0	GF
2027-28	Routine	0	GF

8. **Fiscal implications:**

Administrative Costs

This bill would result in administrative costs to the Department of \$194,130 in Fiscal Year 2023. Such costs would primarily include expenses for updating the Department's Notice of Assessment form and subsequent billing statements to include the information that this bill would require. In addition, the Department will have to make updates to its system to accommodate these changes. Any costs in other fiscal years would be considered routine.

Revenue Impact

This bill would have no impact on General Fund revenue.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: Yes.

As currently drafted, the requirements set forth in this bill would be effective July 1, 2022. Because of the form, billing statement, and systems updates that this bill would require, the Department would not be able to implement the proposed changes by July 1, 2022. Therefore, the following amendment is recommended:

Page 1, Line 31 after of such bill.

Strike: Such

Insert: Effective January 1, 2023, such

11. Other comments:

Assessments and Bills

When the Department determines that an amount of tax or penalty is due from a taxpayer it issues a Notice of Assessment to such taxpayer. The form that this notice is printed on contains information regarding the taxpayer's right to appeal the assessment, the Virginia Taxpayer Bill of Rights, and payment options. If the amount assessed is not paid within 30 days, the Department will issue one or more subsequent bills using a different format that omits some of the information on the Notice of Assessment. For example, bills do not include information regarding the right to appeal the assessment because many bills are mailed after appeal rights have expired. Both the Notice of Assessment and subsequent bills include information regarding the amount of interest accrued as of the date such documentation was printed.

Because of technological limitations at the time that the Department's systems were designed, these forms do not currently provide detailed explanations regarding tax types and reason for the assessment.

Proposed Legislation

This bill would require the Department to identify on assessments for omitted tax the date the initial tax return or payment was received by the Department, any payment amounts received from the taxpayer, and an explanation of the taxes, penalties, and interest related to such assessment.

If this bill is enacted during the 2022 Regular Session of the General Assembly, it would become effective July 1, 2022.

cc : Secretary of Finance

Date: 2/4/2022 JPJ
HB1083F161