

**DEPARTMENT OF TAXATION
2024 Fiscal Impact Statement**

- 1. **Patron** Delores L. McQuinn
- 3. **Committee** Senate Finance and Appropriations
- 4. **Title** Local tax; Penalties and interest

- 2. **Bill Number** HB 1483
House of Origin:
 Introduced
 Substitute
 Engrossed

Second House:
 In Committee
 Substitute
 Enrolled

5. Summary/Purpose:

This bill would require a city that utilizes a director of finance to assess or collect taxes to apply voluntary meals tax payments made by taxpayers to the tax return or written instructions that accompany such payment. The bill would also provide that in the event that the application of the voluntary payment as set forth in the taxpayer's return or instructions would leave outstanding tax obligations incurred earlier, the applicable statute of limitations with respect to such outstanding tax obligations incurred earlier shall be extended for a period of 12 months.

The bill would also provide that, with respect to any meals tax assessed by a city that utilizes a director of finance to assess or collect taxes, such director may, in his sole discretion, waive any penalties and interest where he determines that the best interest of the locality will be served by such waiver.

Under current law, unless otherwise provided by local ordinance, any payment of local levies received by a locality is credited first against the most delinquent local account. Interest on local levies begins on the first day following the day on which such taxes are due.

This bill contains an emergency clause which states that it would be in force from its passage.

- 6. **Budget amendment necessary:** No.
- 7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)
- 8. **Fiscal implications:**

Administrative Costs

This bill could have an unknown impact to local administrative costs but no impact to state costs.

Revenue Impact

This bill would have an unknown impact to local revenues. There would be no impact to state revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Crediting Local Tax Payments

Current law provides that treasurers must commence to receive local levies as soon as they receive copies of the commissioner's books and continue to receive the same without penalty up to and including December 5 of each year, or such other date set by the governing body. Unless otherwise provided by local ordinance, any payment of local levies received is to be credited first against the most delinquent local account, the collection of which is not subject to a defense of an applicable statute of limitations.

The Authority of Localities to Set Due Dates, Penalties, and Interest for Returns

Generally, current law allows the governing body of any county, city, or town to provide by ordinance the time for filing local license applications and annual returns of taxable tangible personal property, machinery and tools, and merchants' capital. The governing body may also by ordinance establish due dates for the payment of local taxes; may offer options for installment payments for certain taxes, may provide by ordinance penalties for failure to file such applications and returns and for nonpayment in time; may provide for payment of interest on delinquent taxes; and may provide for the recovery of reasonable attorney's or collection agency's fees actually contracted for, not to exceed 20 percent of the delinquent taxes and other charges so collected.

Current law also provides that interest for late local tax payments may commence not earlier than the first day following the day such taxes are due by ordinance to be filed, at a rate not to exceed 10 percent per year.

Proposal

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cc : Secretary of Finance

Date: 2/20/2024 VB
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