

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1432 - SB 1636

February 21, 2014

SUMMARY OF BILL: Deletes the current provisions governing the failure to pay the professional privilege tax, which: require the Commissioner of the Department of Revenue to issue a warning letter to the delinquent professional; establish a second nonpayment as grounds for suspension of any license or registration; and establish a third or subsequent nonpayment as grounds for revocation of any license or registration by the appropriate licensing board. Requires the Department, at the time the tax liability including any applicable penalty and interest is assessed, to notify the taxpayer in writing that the failure to cure the tax delinquency or deficiency prior to the renewal date of the license or registration may result in the appropriate licensing board or agency holding the taxpayer's application for renewal in abeyance. Requires the Commissioner to monthly compile and transmit to the appropriate licensing board or agency a list of taxpayers who are delinquent 90 days or more from the due date of the tax and have neither pursued a remedy or remain liable for such tax at the conclusion of such remedy. Requires the appropriate licensing board or agency to not process and to hold in abeyance the application for renewal of the license or registration of any taxpayer appearing on the list. Authorizes any such taxpayer, upon curing the tax delinquency or deficiency, to obtain a tax clearance from the Department, and requires the appropriate licensing board or agency to resume processing the taxpayer's application upon receipt of such tax clearance.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$1,680,800

Assumptions:

- Based on information provided by the Department of Revenue, the average annual number of professional privilege tax delinquencies is estimated to be 5,252.
- The Department estimates that approximately 80 percent of the delinquent professionals or 4,202 (5,252 x 80%), will file returns if this bill becomes law, resulting in a recurring increase in state revenue of \$1,680,800 (4,202 x \$400 privilege tax).
- Since the bill requires the delinquencies to be at least 90 days or more from the due date of the return and the due date of return is June 1, it is assumed that FY14-15 will be the first fiscal year impacted by the bill.
- Any increase in expenditures for licensing boards and agencies to develop new procedures to administer the requirements of this bill is estimated to be not significant and can be accommodated within existing resources of such boards and agencies.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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