

New Hampshire Department of Revenue Administration

Fiscal Note Quick Guide

15-0305

SB 34-FN-LOCAL, *establishing a voluntary tax disclosure program and a tax amnesty program in the department of revenue administration*

Senate Ways and Means Committee

This bill seeks to establish two programs for taxpayer relief. Sections 1 and 2 of the bill would codify a Voluntary Disclosure Program (VDP), which is a current practice of the Department of Revenue Administration (DRA) and is available to taxpayers who want to comply with New Hampshire's tax laws and resolve prior tax liabilities by reporting and paying tax prior tax obligations. This program is available all year long and in perpetuity to all taxpayers who meet the criteria. The VDP could be administered by the DRA without any additional cost.

Section 3 of the bill would establish an Amnesty Program (AP). This program would only run from December 1, 2015 to February 15, 2016. The AP could be administered by the DRA with the funding provided in the bill.

This bill would take effect 60 days after its passage and the AP would apply to taxes due but unpaid on or before February 15, 2016.

The fiscal impact of the VDP is annually included in the aggregate amount of revenue that may come from the DRA's Audit Division.

The fiscal impact of the AP is indeterminable. The two prior APs encompassed all taxes that the DRA administers and this AP would be the same. Those two prior APs brought in \$13,500,000 and \$14,900,000, respectively. The DRA, however, is unable to determine who might participate in the AP and, therefore, is unable to provide an exact estimate of any possible increase in revenue from the AP. Moreover, the bill also expends all of the first \$15,550,000 that may be received due to the AP. In its fiscal analysis, the DRA assumed that Audit revenue for FY16 that would be ordinarily received may be reduced due to the AP. That amount is indeterminable.

The DRA notes that all penalties and interest due would be forgiven under the proposed AP if the total tax due was paid. This would treat a delinquent taxpayer exactly the same as a compliant taxpayer with no adverse consequences to the delinquent taxpayer. The DRA recommends "an amnesty from the assessment or payment of all penalties and interest in excess of 50 percent of the applicable interest rate for the tax period shall apply with respect to unpaid taxes reported and paid in full during the amnesty period."