

SENATE BILL NO. 110

INTRODUCED BY KEATING, KADAS, PAVLOVICH, COBB,
SVRCEK, JERGESON
BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

IN THE SENATE

JANUARY 16, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

JANUARY 17, 1991 FIRST READING.

JANUARY 31, 1991 COMMITTEE RECOMMEND BILL
DO PASS AS AMENDED. REPORT ADOPTED.

FEBRUARY 1, 1991 PRINTING REPORT.

 SECOND READING, DO PASS.

FEBRUARY 2, 1991 ENGROSSING REPORT.

 THIRD READING, PASSED.
AYES, 46; NOES, 0.

 TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 4, 1991 INTRODUCED AND REFERRED TO COMMITTEE
ON TAXATION.

 FIRST READING.

MARCH 5, 1991 COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

 POSTED ON CONSENT CALENDAR.

MARCH 7, 1991 CONSENT CALENDAR, QUESTIONS AND ANSWERS.

MARCH 8, 1991 THIRD READING, CONCURRED IN.
AYES, 95; NOES, 2.

 RETURNED TO SENATE.

IN THE SENATE

MARCH 9, 1991 RECEIVED FROM HOUSE.

 SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *Senate* BILL NO. *110*
 2 INTRODUCED BY *Anthony Kados* *Paul* *Webb*
 3 BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE
 4 *Frank Ferguson*

5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE
 6 DEPARTMENT OF REVENUE TO WRITE OFF A TAX, PENALTY, OR
 7 INTEREST DUE TO THE STATE WHEN THE DEPARTMENT DETERMINES
 8 THAT IT IS NOT COST-EFFECTIVE TO ATTEMPT TO COLLECT THE TAX,
 9 PENALTY, OR INTEREST."
 10

11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12 NEW SECTION. **Section 1.** writeoff of tax, penalty, or
 13 interest. The department may write off any tax, penalty, or
 14 interest due to the state under this title when the
 15 department determines that it is not cost-effective for the
 16 department to attempt to collect the tax, penalty, or
 17 interest. The department shall establish procedures to
 18 determine the cost-effectiveness of collecting the tax,
 19 penalty, or interest. If the department writes off any tax,
 20 penalty, or interest, the department shall place in the
 21 taxpayer's file a written justification for the writeoff
 22 that includes a determination that attempted collection is
 23 not cost-effective.

24 NEW SECTION. **Section 2.** Codification instruction.
 25 [Section 1] is intended to be codified as an integral part

1 of Title 15, chapter 1, part 2, and the provisions of Title
 2 15, chapter 1, part 2, apply to [section 1].

-End-



STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0110, as introduced.


DESCRIPTION OF PROPOSED LEGISLATION:

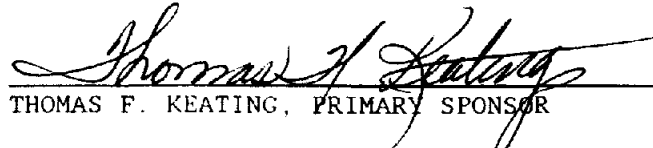
An act to authorize the Department of Revenue to write off a tax, penalty, or interest due to the state when the department determines that it is not cost-effective to attempt to collect the tax, penalty, or interest.

FISCAL IMPACT:

The Department of Revenue currently has in place procedures for the systematic write-off of non-cost-effective taxes, penalties, and interest.

This proposal provides authority for administrative practices already in place in the Department of Revenue. As such, there is no impact on department administrative expense or anticipated revenues.


ROD SUNDSTED, BUDGET DIRECTOR DATE
Office of Budget and Program Planning 1-22-91


THOMAS F. KEATING, PRIMARY SPONSOR DATE
Fiscal Note for SB0110, as introduced 1/23/91
SB 110

APPROVED BY COMMITTEE
ON TAXATION

1 SENATE BILL NO. 110

2 INTRODUCED BY KEATING, KADAS, PAVLOVICH, COBB,

3 SVRCEK, JERGESON

4 BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

5
6 A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE
7 DEPARTMENT OF REVENUE TO WRITE OFF THE COLLECTION OF A TAX,
8 PENALTY, OR INTEREST DUE TO THE STATE WHEN THE DEPARTMENT
9 DETERMINES THAT IT IS NOT COST-EFFECTIVE TO ATTEMPT TO
10 COLLECT THE TAX, PENALTY, OR INTEREST."

11
12 STATEMENT OF INTENT

13 A STATEMENT OF INTENT IS REQUIRED FOR THIS BILL BECAUSE
14 [SECTION 1] GRANTS THE DEPARTMENT OF REVENUE AUTHORITY TO
15 ADOPT RULES FOR ESTABLISHING PROCEDURES TO DETERMINE WHETHER
16 IT IS COST-EFFECTIVE TO COLLECT ANY TAX, PENALTY, OR
17 INTEREST FROM A DELINQUENT TAXPAYER. THE LEGISLATURE INTENDS
18 THAT THE RULES ADOPTED BY THE DEPARTMENT ADDRESS THE
19 CIRCUMSTANCES UNDER WHICH IT IS NO LONGER COST-EFFECTIVE TO
20 PURSUE THE COLLECTION OF A TAX. THESE CIRCUMSTANCES INCLUDE
21 BUT ARE NOT LIMITED TO THE DIFFICULTY OF FINDING THE
22 DELINQUENT TAXPAYER, THE DIFFICULTY OF LOCATING THE ASSETS
23 OF THE TAXPAYER, OR THE FINANCIAL CONDITION OF THE TAXPAYER.
24 IN ADDITION, THE RULES ADOPTED BY THE DEPARTMENT MAY INCLUDE
25 PROCEDURES TO REMOVE, FOR ACCOUNTING PURPOSES, A DELINQUENCY

1 FROM THE DEPARTMENT'S ACCOUNTS RECEIVABLE.

2 THE LEGISLATURE ALSO INTENDS THAT RULES PROVIDE THAT IF
3 A TAX DELINQUENCY IS WRITTEN OFF, IT IS NOT FORGIVEN, BUT
4 THE DEPARTMENT WILL INCUR NO FURTHER EXPENSE IN COLLECTING
5 THE TAX.

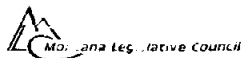
6
7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

8 NEW SECTION. Section 1. Writeoff of COLLECTION OF tax,
9 penalty, or interest -- RULES. (1) The department OF REVENUE
10 may write off THE COLLECTION OF any tax, penalty, or
11 interest due to the state under this title when the
12 department determines that it is not cost-effective for the
13 department to attempt to collect the tax, penalty, or
14 interest. The department shall establish procedures to
15 determine the cost-effectiveness of collecting the tax,
16 penalty, or interest. If the department writes off THE
17 COLLECTION OF any tax, penalty, or interest, the department
18 shall place in the taxpayer's file a written justification
19 for the writeoff that includes a determination that
20 attempted collection is not cost-effective.

21 (2) THE DEPARTMENT SHALL PRESCRIBE RULES TO ESTABLISH
22 THE PROCEDURES TO CARRY OUT THE PURPOSES OF THIS SECTION.

23 NEW SECTION. Section 2. Codification instruction.
24 [Section 1] is intended to be codified as an integral part
25 of Title 15, chapter 1, part 2, and the provisions of Title

SECOND READING



SB 0110/02

1 15, chapter 1, part 2, apply to [section 1].

-End-

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BY REQUEST OF THE LEGISLATIVE AUDIT COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT TO AUTHORIZE THE DEPARTMENT OF REVENUE TO WRITE OFF THE COLLECTION OF A TAX, PENALTY, OR INTEREST DUE TO THE STATE WHEN THE DEPARTMENT DETERMINES THAT IT IS NOT COST-EFFECTIVE TO ATTEMPT TO COLLECT THE TAX, PENALTY, OR INTEREST."

STATEMENT OF INTENT

A STATEMENT OF INTENT IS REQUIRED FOR THIS BILL BECAUSE [SECTION 1] GRANTS THE DEPARTMENT OF REVENUE AUTHORITY TO ADOPT RULES FOR ESTABLISHING PROCEDURES TO DETERMINE WHETHER IT IS COST-EFFECTIVE TO COLLECT ANY TAX, PENALTY, OR INTEREST FROM A DELINQUENT TAXPAYER. THE LEGISLATURE INTENDS THAT THE RULES ADOPTED BY THE DEPARTMENT ADDRESS THE CIRCUMSTANCES UNDER WHICH IT IS NO LONGER COST-EFFECTIVE TO PURSUE THE COLLECTION OF A TAX. THESE CIRCUMSTANCES INCLUDE BUT ARE NOT LIMITED TO THE DIFFICULTY OF FINDING THE DELINQUENT TAXPAYER, THE DIFFICULTY OF LOCATING THE ASSETS OF THE TAXPAYER, OR THE FINANCIAL CONDITION OF THE TAXPAYER. IN ADDITION, THE RULES ADOPTED BY THE DEPARTMENT MAY INCLUDE PROCEDURES TO REMOVE, FOR ACCOUNTING PURPOSES, A DELINQUENCY

FROM THE DEPARTMENT'S ACCOUNTS RECEIVABLE.

THE LEGISLATURE ALSO INTENDS THAT RULES PROVIDE THAT IF A TAX DELINQUENCY IS WRITTEN OFF, IT IS NOT FORGIVEN, BUT THE DEPARTMENT WILL INCUR NO FURTHER EXPENSE IN COLLECTING THE TAX.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Writeoff of COLLECTION OF tax, penalty, or interest -- RULES. (1) The department OF REVENUE may write off THE COLLECTION OF any tax, penalty, or interest due to the state under this title when the department determines that it is not cost-effective for the department to attempt to collect the tax, penalty, or interest. The department shall establish procedures to determine the cost-effectiveness of collecting the tax, penalty, or interest. If the department writes off THE COLLECTION OF any tax, penalty, or interest, the department shall place in the taxpayer's file a written justification for the writeoff that includes a determination that attempted collection is not cost-effective.

(2) THE DEPARTMENT SHALL PRESCRIBE RULES TO ESTABLISH THE PROCEDURES TO CARRY OUT THE PURPOSES OF THIS SECTION.

NEW SECTION. Section 2. Codification instruction. [Section 1] is intended to be codified as an integral part of Title 15, chapter 1, part 2, and the provisions of Title

THIRD READING

SB 0110/02

1 15, chapter 1, part 2, apply to [section 1].

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(2) THE DEPARTMENT SHALL PRESCRIBE RULES TO ESTABLISH THE PROCEDURES TO CARRY OUT THE PURPOSES OF THIS SECTION.

NEW SECTION. Section 2. Codification instruction.

[Section 1] is intended to be codified as an integral part of Title 15, chapter 1, part 2, and the provisions of Title

REFERENCE BILL

CONSENT CALENDAR



SB 0110/02

1 15, chapter 1, part 2, apply to [section 1].

-End-