

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact; no statement issued

Action: Do pass the A-engrossed bill
Vote: 4-0-1
Yeas: Burdick, G. George, Monroe, Deckert
Nays:
Exc.: Starr
Prepared By: Chris Allanach, Economist
Meeting Dates: 4/11

WHAT THE BILL DOES: Defines "listed transaction" and "reportable transaction". Requires taxpayers who engage in, are associated with, or receive a tax benefit from a reportable transaction to report that transaction to the Department of Revenue, beginning with tax year 2007; creates a penalty for failing to report the use of such transactions. Creates a 60% penalty for understatement of tax due to the use of a listed transaction; the penalty applies to listed transactions discovered or reported on or after January 1, 2008. Creates a 100% penalty for promoters of a tax shelter. Opens closed tax years going back to 1999.

ISSUES DISCUSSED: The language pertaining to the two penalties in the bill

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: Senate Bill 480 from 2005 addressed the issues of a voluntary compliance initiative and tax amnesty but was in committee at adjournment sine die. In mid-2007 the Department of Revenue will be conducting an administrative voluntary compliance initiative in conjunction with the Multi-State Tax Commission and roughly 30 other states. A workgroup on this bill discussed the value of an additional VCI and determined that the most effective approach would be to create additional tools that would enhance the response to the planned administrative VCI. Those tools are contained in this bill.