

**REVENUE: Revenue Impact Issued**  
**FISCAL: Fiscal Impact Issued**

---

**Action:** Do Pass as Amended and be Printed A-Engrossed  
**Vote:** 9-1-0  
**Yeas:** Bailey, Bentz, Bruun, Gelser, Kahl, Read, Riley, Sprenger, Barnhart  
**Nays:** Berger  
**Exc.:** 0  
**Prepared By:** Chris Allanach, Economist  
**Meeting Dates:** 3/26; 4/15; 4/21

---

**WHAT THE BILL DOES:** Directs the Department of Revenue to implement a pilot project that requires occupational licensees to demonstrate compliance with personal income tax laws, corporate income or excise tax laws, or cigarette or other tobacco tax laws. Any state agency, board, or commission that participates in the pilot project may suspend, revoke or refuse to issue a license if the licensee is out of compliance. Allows the department to disclose to participating agencies whether or not a taxpayer is in compliance. Allows the department to consider the following four factors in determining whether or not a licensee is in compliance: 1) if the licensee has filed income or corporate excise tax returns for any of the three preceding years for which a return was required; 2) if the licensee has filed required cigarette or other tobacco tax reports for any of the three calendar years preceding a year in which a report was required; 3) if, after all appeals, the licensee has failed to pay any tax within 30 days after the date of assessment, has failed to enter into an approved payment plan, or has failed to follow the terms of an approved payment plan; or 4) has been convicted of a criminal offense related to the tax laws listed above. Limits participation in the project to no more than three state agencies, boards, or commissions. Requires the department to report to the Legislature no later than January 31, 2011. Repeals the pilot project on January 2, 2016.

**ISSUES DISCUSSED:**

- Department of Revenue compliance report recommendations
- Differences between this type of "front-end" approach and an auditing approach to compliance
- Value of outreach when implementing this policy
- Impact on the ability of individuals to earn a living
- Anecdotal experience of other states

**EFFECT OF COMMITTEE AMENDMENTS:** Replace bill.

**BACKGROUND:** A similar provision had been included in HB 2592 from the 2007 session but was removed in Senate due to the potential for unintended consequences, such as a taxpayer being considered out of compliance through no fault of their own. Under current law, the Department of Revenue has the ability to require an agency to suspend an occupational license if the licensee has refused to pay taxes owed the state. The intent of the policy included in this bill is to create a deterrent effect when such licenses are issued with the goal of increasing efficiencies in tax compliance.