

Prepared by: Deanna Mack, Agency Legislative Coordinator

March 15, 2013

## 9-1-1 tax collected at point of sale vs. increased enforcement of existing program

### Fiscal Impact estimate: Tobacco versus Point of Sale

HB 2454 would require DOR to administer a small sales tax program. We have no experience with such a program however, if we are asked for a fiscal impact from LFO, we believe the Tobacco Tax program (Cigarette and OTP) offers the closest comparison of any other tax program we administer:

#### Comparison between programs

<b>Tobacco</b>	<b>Point of Sale**</b>
230 licensed distributors	up to 190 providers
5,000 to 6,000 retailers	5,000 to 6,000 retailers
<b>Return processing</b>	<b>Return Processing**</b>
(1) Public Service Representative 4 (1) Office Specialist 2 These positions provide administrative support for program.	(1) Public Service Representative 4 (1) Office Specialist 2 These positions provide administrative support for program.
<b>Return Processing System</b>	<b>Return Processing System**</b>
In place in current system	Would need to create/purchase a module to process returns, and provide compliance tools. Unknown impact at this time.
<b>Audits</b>	<b>Audits**</b>
(1) Tax auditor 2 audits licensed distributors.	(1) Tax auditor 2 would audit providers.
	(3) Tax auditor 1 would perform audits similar to sales tax audits to determine if 911 tax has been properly remitted based on sales and product inventory.
<b>Inspections</b>	<b>Inspections**</b>
(3) Compliance Specialist 1 – perform inspections to verify retailer has invoices from licensed distributors and has taxed products.	N/A

\*\* estimates only