

HB 2087 -2, -3 STAFF MEASURE SUMMARY

House Committee On Revenue

Prepared By: Christine Broniak, Economist

Meeting Dates: 4/3, 5/25

WHAT THE MEASURE DOES:

Expands taxpayer bill of rights. Lowers limits on interest allowed on tax deficiencies. Applies to tax years beginning on or after January 1, 2018. Provides for cancellation, after 20 years, of uncollected tax debt, penalties and interest. Establishes Office of Taxpayer Advocate and Office of Independent Administrative Review in Department of Revenue. Establishes functions, powers and duties of offices. Appropriates moneys from General Fund to Department of Revenue for purposes of offices.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Replaces measure. Expands taxpayer bill of rights to include information about the procedures used by the Department of Revenue for the collection of tax debt and the procedures by which a taxpayer may appeal decisions related to collections. Prohibits the Department from contacting a taxpayer by phone if a valid power of attorney has been filed and department has been notified of this power of attorney. Requires the Department of Revenue to cancel any tax over 20 years old and associated penalties and interest. Provides for an exemption from this requirement for the taxes associated with the Senior and Disabled Property Tax Deferral Program. Requires the Department to publish standards used by the department in determining whether an agreement to satisfy a tax liability through installment payments facilitates collection of the liability. Requires the Department to consider the collection standards of the Internal Revenue Service and certain special expenses of the taxpayer when developing these standards. Requires the Department of Revenue to publish standards used by the department in granting or denying installment payment plans, granting or denying offers of compromise for the settlement of debt, and granting or denying applications for penalty abatements due to circumstances beyond a taxpayer's control. Requires the Department to publish procedures and enumerated grounds by which a taxpayer may challenge a recorded distraint warrant, including the procedures by which a taxpayer may request release or subordination of a tax lien or cancellation of a tax lien upon bankruptcy discharge.

-3 Replaces measure. Expands taxpayer bill of rights to include information about the procedures used by the Department of Revenue for the collection of tax debt and the procedures by which a taxpayer may appeal decisions related to collections. Prohibits the department from contacting the taxpayer by phone if a valid power of attorney has been filed and the department has been notified of this power of attorney. Requires the Department to cancel any unpaid tax over 20 years old and associated penalties and interest. Provides for an exemption from this requirement for the taxes associated with the Senior and Disabled Property Tax Deferral Program and the Deferral for Local Improvement Districts. Requires the Department to publish standards used by the department in determining whether an agreement to satisfy a tax liability through installment payments facilitates collection of the liability. Requires the Department to consider the collection standards of the Internal Revenue Service and certain special expenses of the taxpayer when developing these standards.

BACKGROUND:

The taxpayer bill of rights is a statement that the Department of Revenue prepares to inform taxpayers of various rights related to their taxes. These include the rights of the taxpayer during audits, procedures used to appeal

decisions of the Department, and the procedures that the Department may use in enforcing the provisions of the law.