

Background

Some businesses or employers collect taxes paid by their customers or are withheld from their employees. They hold those taxes in a trust until remitted to the Department of Revenue.

Problem

When these taxes held in trust are not properly reported or remitted, the department has limited options for collecting the debt. If the business closes, the department no longer has options to collect the delinquent trust tax debt.

Proposed Solution

House Bill 2131 adds statutory tools enabling the department to collect tax debt for four programs that require a business to hold taxes in trust:

- Heavy Equipment Rental Taxes
- State Lodging Taxes
- Emergency Communication System (E-911) Taxes
- Petroleum Load Fees

The provisions in HB 2131 allow the department to hold an owner, officer, member, or employee who knew, or should have known, that taxes were required to be reported and paid to the department, personally liable for the tax debt. This allows the department to collect from personal assets in addition to business assets to satisfy the debt, after an investigation asserts liability.

The new statutory language is modeled after tools in other trust tax programs such as marijuana tax and income tax withholding programs.

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