

HOUSE RESEARCH

Bill Summary

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Overview

This bill directs the commissioner of revenue to establish an advance collection program to accelerate the collection of taxes, penalties, and interest that otherwise would not be collected during the 2004-05 biennium. This authority will allow the commissioner to offer "discounts" to taxpayers with old obligations (more than 2 years old) on the department's account receivable (AR) system. The commissioner would have the exclusive authority to select which debtors will qualify under the program and the amount of discount that will be provided (the bill set maximums of a 35 percent discount for debts at least 2 years old or 50 percent for debts at least 4 years old). The program is intended to generate \$8 million in additional collections of revenues.

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1 **Advance collection program.** Directs the commissioner of revenue to establish an advance collection program to collect \$8,250,000 of taxes, interest, and penalties that otherwise would not be collected during the 2004-05 biennium. In establishing and operating this program the commissioner is directed to:

- ▶ Minimize the negative impacts on tax compliance
- ▶ Maximize collecting tax that otherwise would not be collected at all.

Under the program, the commissioner would use offer in compromise authority to provide discounts on debts, which are older than 2 years old on the department's account receivable system. (The commissioner has discretion to select the debts that will qualify and to exclude

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debts that the commissioner determines are not appropriate to be included.) Discounts could be offered, subject to the following limits:

Age of the original debt on AR	Maximum discount
< 2 years	Current practice
> 2 years < 4 years	35%
> 4 years	50%

Offers in compromise under the program are exempt from the requirement of attorney general approval, so long as the amount of the discount exceeds \$50,000.

\$250,000 is appropriated to the commissioner of revenue for the cost of administering the program.