

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Tax Collections and Compliance

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### Overview

This summary covers the tax policy bill penalty provisions being discussed in the Civil Law Committee

#### Section

- 1**      **Penalty for filing certain documents.** Current law prohibits filing nonconsensual common law liens (liens not authorized by court order or statute) against certain public officials and employees. This section addresses such liens filed against the commissioner of revenue or revenue employees. It allows the commissioner to impose a \$1,000 penalty per document filed, payable to the general fund. It makes a penalty order reviewable administratively and appealable to the tax court. The penalty in this section is in addition to other remedies that may be available.  
  
Effective for documents filed on or after July 1, 2003.
- 2**      **Notice of sale.** Amends the statute on notice of sale by DOR of seized property. Provides that for purposes of public notice of the sale, the Internet is a public posting place.  
  
Effective for notices of sales posted on or after the day following enactment.
- 3**      **Sale of seized securities.** Specifies a procedure for selling nonexempt publicly traded securities that are levied on by DOR. Provides that if the securities are worth not more than the tax obligation, the person who possesses or controls the securities will sell them in a commercially reasonable manner and transfer proceeds, less normal commissions and fees, to DOR. Provides that if the securities are worth more than the obligation due, the owner may instruct the person who possesses them which securities to sell. If the owner does not

## Section

provide such direction, the person in possession is to sell the most recently acquired securities first. After liquidation and deduction of normal commissions and fees, the person in possession transfers to DOR the amount due.

Effective for sales of securities due on or after enactment.

- 4** **Definitions.** Amends the definition of license, which currently "includes" a contract for space rental at the state fair. Adds to this: any permit issued by the state or a local unit of government to carry out an occupation or do business.

Effective immediately.

- 5** **Claimant agency.** Amends the revenue recapture act. Adds to the definition of a claimant agency that can use the act: the Minnesota collection enterprise for the purpose of collecting the collection costs imposed under the debt collection act.

- 6** **Application to court for enforcement of subpoena.** Provides that disobedience of a commissioner's subpoena in connection with a tax audit of businesses located outside the state is punishable by the district court in Ramsey County in the same manner as contempt of district court. In addition, lets the court issue any order it deems necessary to enforce compliance with the subpoena.

Effective immediately.

- 7** **Access to records of businesses located outside the state.** Lets DOR audit records of businesses located outside the state in order to determine whether the business is required to file a state tax return. Lets DOR subpoena records and files. Provides for serving the subpoena on the secretary of state, along with the company's address and a \$50 fee. Requires the secretary to forward the subpoena. Requires DOR to pay the reasonable costs of producing subpoenaed records if (1) the party cannot produce without undue burden, and (2) examination shows the party is not required to file a tax return.

Effective immediately.

- 8** **Penalty.** Adds a penalty for violating a court order to comply with a DOR subpoena under sections 6 and 7. Requires the court to impose \$250 a day up to \$25,000, upon request of DOR. Requires the court on request to enter the penalty as a judgment and makes the penalty payable after judgment is entered.

Effective for violations of court orders to enforce subpoenas issued on or after enactment.

- 9** **Repealer.** Repeals a sunset on a law that allows publication of a list of delinquent taxpayers who have owed at least \$5,000 for at least 180 days and against whom a judgment has been entered or tax lien has been filed.