

Approved: January 16, 2001

Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator David Corbin at 10:45 a.m. on January 10, 2001 in Room 519-S of the Capitol.

All members were present except: Senator Sandy Praeger

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Stephen S. Richards, Secretary, Department of Revenue

Others attending: See attached list.

At the request of Senator Corbin, committee members introduced themselves and indicated the district they serve.

Senator Corbin introduced Stephen S. Richards, the newly appointed Secretary of Revenue. Secretary Richards briefly discussed his educational and business background. He stated that he believes that his tax compliance background in the corporate world and his business experiences provide him with a new perspective on the administration of the Department of Revenue. He noted that he plans to build on the success of Project 2000 and that he believes it is important for the Department to monitor and review the Streamlined Sales Tax Project. (Attachment 1)

Secretary Richards followed with a report on the Department's recent mailing to taxpayers notifying them of a change in the frequency in which they must remit retail sales tax or withholding taxes. At the outset, he called attention to a copy of the notice which was included with the form letters, noting that the notice contains a table describing the statutory filing frequencies for sales and withholding taxes. He went on to explain that the Department ran a computer program this past fall and produced a report which detailed those taxpayers who needed to change their remittance frequency. The change was based upon the taxpayer's filings for the previous calendar. In December of 2000, the Department mailed out approximately 11,116 form letters notifying taxpayers that their filing frequencies needed to be increased. The changes were effective January 1, 2001. (Attachment 2)

Secretary Richards explained that the Department had not conducted this type of review for quite some time, but Project 2000 gave the Department the capability for review in a much more streamlined manner. He said the notices were a part of the Department's effort to improve taxpayer compliance and to ensure that taxpayers adhere to the statutes in terms of their reporting responsibilities. He noted that, even though this change was effective January 1, the earliest the taxpayer would have to comply with an earlier frequency filing would be January 25. The majority will not come into play until February because the change affects collection of taxes that begin in January, not taxes collected in December.

With regard to retail sales taxes, Senator Jenkins commented that retailers complained to her that they did not know their collections were above \$32,000. Secretary Richards said that retailers should have been aware of their collections, but acknowledged that the Department previously had not adequately reviewed accounts and notified taxpayers. He explained that, due to Project 2000, the Department has the capability to identify taxpayers who need to be on a different reporting cycle.

Mr. Richards introduced Richard Cram, Director of Policy and Research for the Department of Revenue. He noted that Mr. Cram will present the Department's views on legislative matters to the Committee.

The meeting was adjourned at 11:10 a.m.

The next meeting is scheduled for January 11.