

Admin Fee Consol Explanation

You would think it shouldn't be that hard to draft legislation putting a percentage cap on the amount of administrative fee the state charges municipalities and counties for processing local option gross receipts taxes. You would be correct if it were not for the scattered places in current law touching on the subject.

Over the years authority for these administrative fees has been bifurcated—appearing in each of the local option tax acts and in two separate areas of the Tax Administration Act.

This draft reduces the maximum administrative fee from three to one percent. It also cleans out the excess verbiage and consolidates a straightforward statement of the fee in the sections dealing with transfers to municipalities and to counties.