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FISCAL IMPACT REPORT

ORIGINAL DATE 1-26-06
 LAST UPDATED 1/27/06 HB _____

SPONSOR Smith

SHORT TITLE Disclosure of Tax Info to Licensing Bodies SB 322

ANALYST Dearing

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 389

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)
 Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

Under enactment of Senate Bill 322 Taxation and Revenue Department would be authorized to provide information to a licensing agency if a taxpayer who is required by the state to have a legal, professional or occupational license fails to file a tax return or fails to pay a liability of \$1,000 or more. Failure to file a state or local tax return or to pay a tax liability over a specified level would be added to the list of grounds for disbarment of an attorney. Failure to file a state or local tax return or to pay a tax liability over a specified level would be added to the list of grounds for suspension or revocation of a professional license.

Enacted legislation would be effective July 1, 2006.

FISCAL IMPLICATIONS

No significant fiscal impacts on state or local revenues.

SIGNIFICANT ISSUES

According to the Regulation and Licensing Department, SB322 would add to the grounds for suspension or revocation of a professional or occupational license another basis for suspension or revocation unrelated to violations of a practice act, the most significant other such basis being the ability of a board to take action against a professional license for failure to pay court ordered child support.

From the standpoint of the professional and occupational licensing boards, enactment of SB322 would require the establishment of procedures for taking disciplinary action against licensees based on these grounds.

The process of by which professional and occupational licensing boards commence action against a licensee for failure to pay court ordered child support begins with an informal notice from the board to the licensee advising that the licensee's name has appeared on a list of individuals who are delinquent in their obligations, and giving the licensee thirty days to come into compliance. Once the licensee produces a certificate of compliance from the Human Services Department, the disciplinary proceeding is dismissed. The sponsor of SB322 might consider an amendment providing for an informal notification process prior to the commencement of formal disciplinary proceedings.

ADMINISTRATIVE IMPLICATIONS

Provisions of the bill could encourage tax compliance by attorneys and licensed professionals. Provisions would require an electronic data exchange to obtain ID numbers and names of licensed individuals as well as notification of non-compliance. Other system changes will be required to determine compliance.

TECHNICAL ISSUES

Section 1(B). The definition of "settled tax liability" should be amended to include liability for taxes not administered under the Tax Administration Act and to make the definition consistent with the definition of "settled tax liability" in Sections 2(B) and 3(B) of the bill.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If SB322 is not enacted, the Taxation and Revenue Department will not have this avenue through which to collect unpaid taxes.

PD/mt:yr