SUMMARY
In an effort to provide better customer service and to enhance the collection of delinquent taxes, the Tax Commission is requesting funding to send bulletins, booklet instructions, and more frequent billing notices to delinquent accounts.

ISSUES AND RECOMMENDATIONS

Taxpayer Statements
The Tax Commission currently sends non-outsourced delinquent accounts quarterly statements. Of the total request, sending taxpayer statements more frequently represents about 66% of the total dollar request, or $167,300. After completion of a four-month pilot program, the Tax Commission estimated that approximately $1.4 million in extra revenue was brought in from income tax filers due to the Tax Commission’s efforts of sending monthly statements to delinquent taxpayers. It is estimated that this effort cost about $47,500.

Bulletins
During the revenue growth slowdown of 2003, the Tax Commission eliminated funds for bulletins. One example of this is with the sales tax rate changes. Individuals or retailers used to be sent reminders of recent tax rate changes in order to ensure that the retailer updates its systems for the new rate. Since these bulletins have been eliminated, there have been concerns brought forward that many individuals that should be collecting the current tax rate are unaware of Legislative or local changes. Of the total request, sending bulletins represents approximately 20% of the total dollar request, or $50,000.

Booklet Instructions
The Tax Commission expects to produce about 600,000 income tax booklets in the coming year. With an increased cost of $.06 per booklet, this creates an extra increase in total cost of $36,000. Of the total request, producing income tax booklets represents about 14% of the total dollar request.

LEGISLATIVE OPTIONS
Should the Subcommittee wish to fund the Tax Commission’s request, some options available are the following:

1. a. Prioritize one-time funding of $14,900 General Fund, $153,200 Uniform School Fund, and $43,800 Sales & Use Tax Administration Fees for FY 2008


   c. Require the Tax Commission to report on the return they receive by sending more frequent notices to sales and income tax taxpayers, as well as the decrease in complaints received by sending more frequent bulletins.

2. Fund the entire supplemental request; address the FY 2009 request after the Tax Commission has shown the return on investment over the entire 2009 fiscal year:

b. Direct the Tax Commission to report on the success of sending monthly statements to delinquent accounts versus current practice.

3. Given the nature of the request, fund only the ongoing portion of the request and require the Tax Commission to report empirical evidence of the return


b. Direct the Tax Commission to report on the success of sending monthly statements to delinquent account versus current practice.