



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 17

PRINTERS NO. 1851

PRIME SPONSOR: Ryan

COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
General Fund	\$0	\$0

SUMMARY: House Bill 17, Printer's number 1851, amends the Tax Reform Code providing for statute of limitation for collection of assessed taxes and for period of limitations on criminal tax prosecutions.

ANALYSIS: This legislation adds Section 3003.23 providing a 10-year time period during which the Department of Revenue (department) must collect any assessed tax. The 10-year period applies to all taxes administered by the department, excluding Inheritance Taxes.

The 10-year period is not applicable and the department shall have no time limitation to collect taxes in the following cases: (1) for a taxpayer that collected or withheld trust fund taxes, but willfully failed, grossly neglected or refused to remit; (2) for a taxpayer filing a false or fraudulent tax return or report or willfully failing to file a tax return or report; (3) for a taxpayer attempting to evade or defeat a tax; (4) for a tax offense for which a taxpayer has been criminally charged and convicted and liabilities remain unpaid; or (5) for liabilities of eligible taxes unknown to the department that have not been extinguished prior to the commencement of a subsequently enacted or approved tax amnesty program.

Additionally, the 10-year period will be tolled under the following circumstances: (1) bankruptcy or legal proceedings have commenced; (2) an offer-in-compromise is under consideration by the department; (3) an installment agreement or deferred payment plan is entered with the department; (4) an assessment of tax is in the appeals process; (5) the taxpayer is deployed for military service and has received a Federal extension; or (6) the taxpayer and department have agreed, in writing, to extend the collection expiration date.

Section 3003.24 is added providing that a person shall not be prosecuted, tried or punished for an offense under a tax statute unless the prosecution is instituted within 3 years after the commission of the offense.

For a settlement, determination or assessment issued before the effective date of Section 3003.23, the 10-year period shall begin on the effective date or when the settlement, determination or assessment becomes final, whichever is later.

The addition of Section 3003.23 (Statute of limitation for collection of assessed taxes) shall take effect January 1, 2021, and the remainder of the act shall take effect immediately.

FISCAL IMPACT: Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds in fiscal years 2019-20 and 2020-21 as the 10-year window begins January 1, 2021. Therefore, this legislation provides that beginning with assessments on January 1, 2021, and thereafter, the department will have 10 years to collect the amounts due from the assessments. According to the Department of Revenue, a total of \$38.7 million was collected for the three fiscal years 2015-16 through 2017-18 from payments that were more than 10 year past due (an average of \$12.9 million per year).

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House Appropriations Committee (R)

DATE: September 18, 2019

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.