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Senate Bill 327 (as enacted)
Sponsor: Senator Dave Robertson
Senate Committee: Finance
House Committee: Tax Policy

PUBLIC ACT 277 of 2014

Date Completed: 7-22-14

CONTENT

The bill amended the revenue Act to do the following:

- **Require the Department of Treasury to propose rules providing for the courteous treatment of the public, the fair and consistent application of statutes and rules, and a requirement that the Department not use collection goals or quotas when conducting an audit or examining unclaimed property records.**
- **Allow a taxpayer to be awarded actual damages of up to \$45,000 if the Department intentionally used a collection goal or quota when conducting an audit or an examination of unclaimed property records.**

The bill took effect on July 2, 2014.

Specifically, the bill requires the Department to electronically file a request for rule-making with the Office of Regulatory Reinvention by January 1, 2015. The proposed rules must provide for all of the following:

- Standards for the fair and courteous treatment of the public to be followed by the Department's contractors, consultants, and agents, as well as a system for monitoring compliance with these standards.
- Standards ensuring that all statutes and rules will be fairly and consistently applied to all taxpayers.
- A requirement that the Department not use collection goals or quotas when conducting an audit of a tax administered under the Act or examining records under the Uniform Unclaimed Property Act.

If the Department intentionally uses a collection goal or quota when auditing a tax administered under the revenue Act or examining records under the Uniform Unclaimed Property Act, the taxpayer may be awarded actual damages, including reasonable attorney fees, resulting from the Department's action. An award of damages may not exceed \$45,000. Actual damages do not include taxes owed or deliverable abandoned property.

In addition, the revenue Act requires the Department to publish a handbook for taxpayers and tax preparers. The handbook must contain the audit and collection procedures used by the Department (as well as procedures governing departmental communications with taxpayers in the audit and collection process). Under the bill, the handbook also must contain the audit and collection procedures used by agents of the Department.

FISCAL IMPACT

The bill will increase the costs of the Department of Treasury by approximately \$100,000 to promulgate the rules that are required by the bill. In addition, the Department estimates that State costs might increase if there is a need to defend against allegations that the law on collection practices has been violated or to pay damages. The bill does not make an appropriation, so any increase in costs will be absorbed within existing Department resources. The Department does not anticipate any reduction in State revenue as a result of the limitations included in the bill.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.