

SB 34-FN-LOCAL - AS AMENDED BY THE SENATE

03/12/2015 0679s

2015 SESSION

15-0305  
10/09

SENATE BILL **34-FN-LOCAL**

AN ACT establishing a voluntary tax disclosure program and a tax amnesty program in the department of revenue administration.

SPONSORS: Sen. Sanborn, Dist 9; Sen. Little, Dist 8; Sen. Bradley, Dist 3; Sen. Stiles, Dist 24; Sen. Birdsell, Dist 19

COMMITTEE: Ways and Means

AMENDED ANALYSIS

This bill establishes a voluntary disclosure program for persons or entities to self-disclose a tax liability to the department of revenue administration in order to waive penalties and settle and compromise the tax and interest due. This bill also establishes a temporary tax amnesty program and makes appropriations of certain revenues collected under the amnesty program.

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Explanation: Matter added to current law appears in **bold italics**.  
Matter removed from current law appears [~~in brackets and struck through~~].  
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

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STATE OF NEW HAMPSHIRE

*In the Year of Our Lord Two Thousand Fifteen*

AN ACT establishing a voluntary tax disclosure program and a tax amnesty program in the department of revenue administration.

*Be it Enacted by the Senate and House of Representatives in General Court convened:*

1 1 New Paragraph; Department of Revenue Administration; Duties of the Commissioner; Voluntary  
2 Disclosure Program. Amend RSA 21-J:3 by inserting after paragraph XXX the following new paragraph:

3 XXXI. Establish a voluntary disclosure program for taxes administered by the department  
4 wherein a person or entity voluntarily self-discloses a tax liability to the department and the  
5 department waives applicable penalties and settles and compromises the taxes and interest due  
6 through a voluntary disclosure agreement. A person or entity is not eligible to participate in the  
7 voluntary disclosure program if the department has contacted or informed the person or entity, an  
8 affiliate of the entity, or a member of a unitary business, of which the entity is a member, that the  
9 department is inquiring into the person, entity, or unitary business' liability for tax or whether the  
10 person, entity, or unitary business is subject to tax or tax collection responsibilities in this state. A  
11 person or entity is not eligible to participate in the voluntary disclosure program regarding a specific  
12 tax administered by the department if the person, entity, or unitary business, of which the person or  
13 entity is a member, has filed a return in a previous taxable period for the specific tax, except for good  
14 cause shown. A provider, operator, or retailer who collected, but failed to remit, the tax to the state  
15 shall not be eligible for the voluntary disclosure program.

16 2 New Paragraph; Rulemaking; Commissioner of Revenue Administration. Amend RSA 21-J:13  
17 by inserting after paragraph XIII the following new paragraph:

18 XIV. The implementation and administration of a voluntary disclosure program established  
19 under RSA 21-J:3, XXXI.

20 3 Tax Amnesty; Department of Revenue Administration; Appropriations.

21 I. Notwithstanding the provisions of any other law, with respect to taxes administered and  
22 collected by the department of revenue administration, an amnesty from the assessment or payment  
23 of all penalties and interest for the tax period shall apply with respect to unpaid taxes reported and  
24 paid in full during the period from September 1, 2015, through and including October 15, 2015,  
25 regardless of whether previously assessed. This amnesty shall only apply to taxes due but unpaid on  
26 or before October 15, 2015.

27 II. From the revenue collected pursuant to the tax amnesty program established in  
28 paragraph I, the following sums, under a warrant of the governor, are hereby appropriated:

29 (a) The first \$50,000 of the revenue collected shall be appropriated to the commissioner

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1 of revenue administration for the use in administration and marketing of the tax amnesty program.

2 (b) The next \$500,000 of the revenue collected shall be appropriated to the commissioner  
3 of revenue administration for use in establishing the taxpayer e-file program.

4 (c) For the remaining revenues collected up to \$15,000,000, such sum is hereby  
5 appropriated to the commissioner of transportation for deposit in the highway and bridge betterment  
6 account and allocation under RSA 235:23-a, III.

7 4 Effective Date. This act shall take effect July 1, 2015.

**SB 34-FN-LOCAL FISCAL NOTE**

AN ACT                    establishing a voluntary tax disclosure program and tax amnesty program in the department of revenue administration.

**FISCAL IMPACT:**

The Department of Revenue Administration states this bill, as amended by the Senate (Amendment #2015-0679s), will increase state revenue and expenditures by an indeterminable amount in FY 2016. There will be no fiscal impact on county and local revenue or expenditures.

**METHODOLOGY:**

The Department of Revenue Administration (DRA) states this bill would establish two programs for taxpayer relief. Sections 1 and 2 of the bill would codify a Voluntary Disclosure Program (VDP), which is a current practice of the Department that is available to taxpayers who want to comply with New Hampshire's tax laws and resolve prior tax liabilities by reporting and paying tax prior tax obligations. This program is available all year long and in perpetuity to all taxpayers who meet the criteria. The fiscal impact of the VDP is annually included in the aggregate amount of revenue that may come from the Audit Division. This bill codifies current department practice. The Department states section 3 of the bill would establish an Amnesty Program (AP). This program would run from September 1, 2015 to October 15, 2015. The Department states the two prior APs encompassed all taxes that the DRA administers and this AP would be the same. Those two prior APs brought in \$13,500,000 and \$14,900,000, respectively. The Department is unable to determine who might participate in the AP and, therefore, is unable to provide an exact estimate of any possible increase in revenue from the AP. The bill allocates the first \$15,500,000 in funds collected pursuant to the AP as follows –

- \$50,000 to DRA for use in the administration and marketing of the tax amnesty program;
- \$500,000 to DRA for use in establishing the taxpayer e-file program; and
- \$15,000,000 to the commissioner of the Department of Transportation for deposit in the highway and bridge betterment account.

The Department assumes that audit revenue for FY 2016 that would be ordinarily received may be reduced due to the AP. That amount is indeterminable.