

# TAXBILLSERVICE

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SUBJECT: ADMINISTRATION, Department of taxation special enforcement section

BILL NUMBER: SB 1197; HB 966 (Identical)

INTRODUCED BY: SB by Kim by request; HB by Souki by request

BRIEF SUMMARY: Amends Act 134, SLH 2009, to make the special enforcement section of the department of taxation permanent by repealing the sunset provisions of their establishment.

EFFECTIVE DATE: Upon approval

STAFF COMMENTS: This is an administration measure submitted by the department of taxation TAX-16 (13). The legislature by Act 134, SLH 2009, established a special enforcement section of the department of taxation to investigate “cash-based” businesses that are not paying their fair share of taxes. It appears that since its establishment, the special enforcement section has been instrumental in educating local businesses about their tax obligations and has been successful in generating an additional \$1 million in tax revenues.

While the proposed measure would make the special enforcement section of the department of taxation a permanent part of the department, it should be remembered that critical to taxpayer compliance is education and awareness of the changes in tax laws. The initial efforts of this team were solely enforcement without education which failed miserably, eliciting angry taxpayers. However, with education, taxpayers understood what was required of them in order to comply with the law. Understanding what is required of them through educational efforts encourages greater taxpayer compliance, generating additional tax revenues.

Digested 1/28/13