

Administrative Options to Generate Revenues without Raising Taxes
Revenue Impact - June 2016 Forecast
(\$ millions)

State General Fund Impact ¹

Description of Option	2017-19		2019-21			2021-23			
	FY 2018 ²	FY 2019	Biennium	FY 2020	FY 2021	Biennium	FY 2022	FY 2023	Biennium
1 Require local governments that issue building permits to supply subcontractor information to the Department of Revenue ³ This proposal would help the department combat the underground economy by requiring local governments that issue residential building permits to request, at the time of final inspection, the name, contractor registration numbers and state business license numbers of any subcontractors performing work on the project.	\$ 2.4	\$ 5.3	\$ 7.7	\$ 8.0	\$ 10.7	\$ 18.7	\$ 10.7	\$ 10.7	\$ 21.4
2 Interest rate options ⁴ Currently, the interest rate for excise tax assessments and refunds is 2% above the average federal short-term rate.									
a - Increase the interest rate on assessments to the federal short-term interest rate plus 4%	\$ 3.7	\$ 8.4	\$ 12.1	\$ 10.3	\$ 11.3	\$ 21.6	\$ 11.6	\$ 11.6	\$ 23.2
b - Decrease the interest rate on refunds to the federal short-term rate	\$ 1.3	\$ 3.1	\$ 4.4	\$ 3.8	\$ 4.2	\$ 8.0	\$ 4.3	\$ 4.3	\$ 8.6
3 Fee Options									
a - \$100 fee per warrant	\$ 0.9	\$ 0.8	\$ 1.7	\$ 0.8	\$ 0.7	\$ 1.5	\$ 0.7	\$ 0.6	\$ 1.3
b - Raise new license application fee to \$50 ⁵	\$ 5.2	\$ 5.7	\$ 10.9	\$ 6.2	\$ 6.7	\$ 12.9	\$ 7.2	\$ 7.9	\$ 15.1
c - Raise license renewal fee to \$25 ⁵	\$ 6.2	\$ 6.2	\$ 12.4	\$ 6.2	\$ 6.2	\$ 12.4	\$ 6.2	\$ 6.2	\$ 12.4
d - \$25 general fund fee for BLS license	\$ 4.2	\$ 4.6	\$ 8.8	\$ 5.0	\$ 5.4	\$ 10.4	\$ 5.9	\$ 6.3	\$ 12.2
e - \$25 fee for tax registration	\$ 1.0	\$ 1.1	\$ 2.1	\$ 1.2	\$ 1.3	\$ 2.5	\$ 1.4	\$ 1.5	\$ 2.9
f - \$100 fee for recording a lien	\$ 0.7	\$ 0.7	\$ 1.4	\$ 0.6	\$ 0.6	\$ 1.2	\$ 0.6	\$ 0.5	\$ 1.1
4 Increase administrative fee for local tax collection ^{3,6} Statute authorizes the department to collect up to 2% in fees.									
a - Increase fee by ½% to 1.5% ⁷	\$ 22.7	\$ 23.7	\$ 46.4	\$ 24.7	\$ 25.7	\$ 50.4	\$ 26.8	\$ 27.8	\$ 54.6
b - Increase fee by 1% to 2% ⁸	\$ 38.9	\$ 40.7	\$ 79.6	\$ 42.4	\$ 44.2	\$ 86.6	\$ 46.0	\$ 47.9	\$ 93.9
5 Eliminate SSUTA mitigation to local jurisdictions ³	\$ 22.9	\$ 22.8	\$ 45.7	\$ 22.7	\$ 22.5	\$ 45.2	\$ 22.4	\$ 22.2	\$ 44.6
6 Expand authority to assess beneficial interest liability	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.2	\$ 0.2	\$ 0.4
7 Expand trust fund accountability	\$ 4.8	\$ 5.5	\$ 10.3	\$ 5.7	\$ 6.0	\$ 11.7	\$ 6.3	\$ 6.7	\$ 13.0

Prepared by Research & Fiscal Analysis, July 2016

NOTES:

¹ Revenues represent state general fund impacts only, unless otherwise noted.

² Estimates are assumed to be effective July 1, 2017, resulting in 11 months of impact for FY 2018, unless otherwise noted.

³ These proposals result in negative revenue impacts or costs to implement for local governments.

⁴ These proposals are assumed to be effective January 1, 2018 resulting in 5 months of impact for FY 2018.

⁵ Revenues to be deposited in the Master License Account.

⁶ Revenues assume contracts with local governments can be changed on July 1, 2017. It is possible that contract language prevents changes except at the beginning of a calendar year.

⁷ Increases the Regional Transit Authority (RTA) fee to 1%, imposes a 1% fee on state-shared taxes, and increases all other local tax collection fees from 1% to a 1.5%.

⁸ Increases the Regional Transit Authority (RTA) fee to 1%, imposes a 1% fee on state-shared taxes, and increases all other local tax collection fees from 1% to a 2.0%.