

HOUSE RESEARCH

Bill Summary

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Subject: Tax compliance

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Overview

Requires withholding on specialty trade contractors on contracts exceeding \$600, and appropriates \$2,878,000 to the commissioner of revenue for compliance initiatives relating to the corporate tax, the sales and use tax, and insurance taxes, expected to result in \$16 million in additional revenues in the FY 2004-2005 biennium, and \$16 million annually in following years.

Section

- 1 **Withholding; construction specialty trades.** Requires withholding on specialty trade contractors on contracts exceeding \$600. Effective for payments made after June 30, 2004.
- 2 **Tax compliance initiative.** Appropriates \$2,878,000 to the commissioner of revenue in fiscal year 2005 for additional compliance activities, which are expected to result in \$16 million of new revenues in the 2004-2005 biennium and \$16 million per year in following years. \$120,000 of this appropriation is one-time; the rest is added to the department's base for compliance.

Requires reports to the House committee on ways and means and the Senate finance committee by March 1, 2005 and January 15, 2006, on noncompliance with

- the corporate tax system,
- the sales and use tax system, and

Section

- taxes on insurance companies

including information on the number of noncompliant taxpayers and the amount of liability collected under this initiative.