

LEGISLATIVE FISCAL ESTIMATE TO

SENATE, No. 1015

STATE OF NEW JERSEY

DATED: May 24, 1996

Senate Bill No. 1015 of 1996 increases the State tax penalty that is added to certain unpaid State tax liabilities that are eligible to be satisfied during the State tax amnesty period, pursuant to P.L.1996, c.2, but are not satisfied during the amnesty period. The post-amnesty additional penalty, in addition to all other penalties, interest, or costs of collection otherwise authorized by law, will be five percent for liabilities of \$10,000 or less and 10 percent for liabilities in excess of \$10,000. Currently, the amnesty program only imposes an additional five percent penalty. The amnesty period began on March 15, 1996 and will end on June 1, 1996. Qualifying taxpayers will have all penalties and interest waived if the original liability is paid during the amnesty period.

FISCAL IMPACT:

The Office of Legislative Services (OLS) is unable to estimate the fiscal impact of this bill. The OLS notes that any amount of additional State revenue collected by the enhanced non-waivable penalty proposed under this bill would depend on a number of factors. Those factors include the number of amnesty-eligible taxpayers who do not choose to participate in the program, the number of those who are later identified and penalized by the Division of Taxation, the number of those identified and penalized who have a liability in excess of \$10,000, the total amount of liability for those identified and penalized who have liability in excess of \$10,000, and the number of those taxpayers who ultimately pay the additional penalty to the State and the year in which they pay.

The Division of Taxation has stated that it has identified approximately 500,000 taxpayers who may be eligible for the tax amnesty program. However, the division has not provided information on the number of those taxpayers who may apply for amnesty or the number of additional taxpayers who may come forward. Therefore, the number who may not apply for amnesty is unknown. The OLS has no independent access to data to estimate the number of taxpayers who may not apply for amnesty, the amount of liability such taxpayers may have, or the number of such taxpayers the division may eventually identify and penalize.

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The legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.