

54:48-2 et al.

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NJSA: 54:48-2 et al. (Taxpayers' Bill of Rights)

LAWS OF: 1992 CHAPTER: 175

BILL NO: A385/A1474

SPONSOR(S): Heck and Franks

DATE INTRODUCED: May 23, 1994

COMMITTEE: ASSEMBLY: Appropriations
SENATE: Budget & Appropriations

AMENDED DURING PASSAGE: Yes Assembly Committee Substitute
(1R) enacted

DATE OF PASSAGE: ASSEMBLY: October 29, 1992
SENATE: October 19, 1992

DATE OF APPROVAL: December 10, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes (A385 & A1474)

COMMITTEE STATEMENT: ASSEMBLY: Yes
SENATE: Yes

FISCAL NOTE: Yes (A385 & A1474)

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clippings--attached:
"What taxpayers get from the new 'bill of rights,'" 133 NJLJ 10 (January 4, 1993)
"Governor signs new 'bill of rights' law for taxpayers," Atlantic City Press,
December 11, 1992.

KBP:pp

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1 the State. The time for payment of a liability shall be
2 compromised under this subsection only on the grounds that the
3 equities of the taxpayer's liability indicate that a compromise
4 would be in the interest of the State and that without such a
5 compromise the taxpayer would experience extreme financial
6 hardship. A delayed payment or installment payment compromise
7 agreement shall include interest on the unpaid balance of the
8 liability at the rate of three percentage points above the prime
9 rate, compounded daily from the date the compromised liability
10 would otherwise have been due.

11 (cf: P.L.1975, c.387, s.7)

12 13. Section 9 of P.L.1975, c.387 (C.54:53-9) is amended to
13 read as follows:

14 9. A compromise agreement shall relate to the entire liability
15 of the taxpayer (including taxes, ad valorem penalties and
16 interest) with respect to which the offer in compromise is
17 submitted and all questions of such liability are conclusively
18 settled thereby. Specific penalties, however, shall be
19 compromised separately and not in connection with taxes,
20 interest or ad valorem penalties. Neither the taxpayer nor the
21 State shall, upon the acceptance of an offer in compromise, be
22 permitted to reopen the case except by reason of the following:

- 23 a. Falsification or concealment of assets by the taxpayer; [or]
24 b. Mutual mistake of a material fact sufficient to cause a
25 contract to be set aside; or
26 c. The significant change in the financial condition of a
27 taxpayer with which the director has entered into an agreement
28 under subsection b. of section 7 of P.L.1975, c.387 (C.54:53-7).

29 However, acceptance of an offer in compromise of a civil
30 liability shall not operate to remit a criminal liability, nor shall
31 acceptance of a compromise of a criminal liability operate to
32 remit a civil liability.

33 For the purpose of administering subsection c. of this section,
34 the director may require a taxpayer to provide periodic
35 statements of financial condition in such form as the director
36 may prescribe. Action may be taken by the director under
37 subsection c. only if the director gives notice to the taxpayer 30
38 days before the date of any action and the notice includes a
39 statement of the reasons the director has for believing a
40 significant change in the financial condition of the taxpayer has
41 occurred.

42 (cf: P.L.1975, c.387, s.9)

43 14. This act shall take effect immediately, but sections 3, 8, 9,
44 10, 12, and 13 shall remain inoperative until the first day of the
45 fourth month following enactment, and sections 4 and 11 shall
46 remain inoperative until the first day of the seventh month
47 following enactment.

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50 *Sponsor's* STATEMENT

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52 This bill establishing the "Taxpayers' Bill of Rights" assures
53 that all taxpayers will be accorded basic rights of fair and
54 equitable treatment in the admittedly necessary task of

1 administering and collecting the State taxes. Seven fundamental
2 rights will be guaranteed by law under this bill.

3 I. All taxpayers have a right to fair and courteous treatment.
4 This bill forbids the Division of Taxation from basing employee
5 promotions on success in collecting taxes, and requires the
6 adoption of rules governing informal contacts between the
7 division and taxpayers that assure the same rights available in a
8 formal hearing.

9 II. All taxpayers have the right to be informed of their rights
10 under the law. This bill requires that notices sent by the Division
11 of Taxation include statements outlining the rights of the
12 taxpayers.

13 III. All taxpayers have a right to accurate and reliable
14 information concerning the handling of their cases. This bill
15 requires that notices sent to taxpayers include an understandable
16 explanation of the nature of the notice and the reasons for the
17 notice. The bill requires that the Division of Taxation
18 acknowledge taxpayer responses to notices, and that any
19 penalties resulting from taxpayer reliance on division publications
20 must be waived.

21 IV. All taxpayers have a right to be protected from
22 unreasonable deadlines. This bill increases the time allowed for
23 filing a protest from 30 to 45 days, and extends the 90 day period
24 allowed for filing an appeal by the time it takes the director to
25 respond to the protest. The bill extends the total time for filing
26 an appeal by 45 days plus however long it takes the director to
27 respond, allowing the taxpayer who wishes to appeal sufficient
28 time to make a considered response.

29 V. All taxpayers have the right to equal treatment. This bill
30 allows interest on overpayments of tax at a rate similar to the
31 penalty on underpayments, and allows taxpayers to claim
32 damages and costs incurred by unjustified division actions.

33 VI. All taxpayers have the right to protection from negligent
34 tax collection. This bill allows a taxpayer to claim damages for
35 failures of division employees to follow the collection laws and
36 regulations.

37 VII. All taxpayers have the right to representation in contacts
38 with the Division of Taxation. This bill requires that taxpayers
39 be informed of that right and that contacts must be broken off so
40 that they may exercise that right.

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45 Establishes the "Taxpayer's Bill of Rights" under the State Tax
46 Uniform Procedure Law.

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY, No. 385

STATE OF NEW JERSEY

DATED: June 10, 1992

Assembly Bill No. 385 of 1992 establishes a "Taxpayers' Bill of Rights," amending and supplementing the State Tax Uniform Procedure, R.S.48-1 et seq., to assure that all taxpayers will be accorded basic rights of fair and equitable treatment in the necessary task of administering and collecting the State taxes.

The bill provides rules to protect taxpayers in their contacts with the Division of Taxation by requiring the adoption of rules governing informal contacts between the division and taxpayers to assure the same rights that would be available in a formal hearing, forbidding the Division of Taxation from basing employee promotions on success in collecting taxes, and requiring that taxpayers be informed of the right to counsel and that contacts must be broken off so that they may exercise that right.

The bill requires that notices sent by the Division of Taxation include statements outlining the rights of the taxpayers. The bill requires that notices sent to taxpayers include an understandable explanation of the nature of the notice and the reasons for the notice. The bill requires that the Division of Taxation acknowledge taxpayer responses to notices, and that any penalties resulting from taxpayer reliance on division publications must be waived. The bill increases the time allowed for filing a protest from 30 to 45 days, and extends the 90 day period allowed for filing an appeal by the time it takes the director to respond to the protest. The bill extends the total time for filing an appeal by 45 days plus however long it takes the director to respond, allowing the taxpayer who wishes to appeal sufficient time to make a considered response.

The bill allows interest on overpayments of tax at a rate similar to the penalty on underpayments, and allows taxpayers to claim damages and costs incurred by unjustified division actions, including the failure of division employees to follow the collection laws and regulations.

The Department of Treasury, Division of Taxation and the Office of Management and Budget have not provided fiscal information on this bill.

The Office of Legislative Services (OLS) expects the administrative costs of the Division of Taxation to rise given, among other things, the requirement that more correspondence take place, at more frequent intervals, to keep taxpayers informed. The Division of Taxation's duty to develop and distribute information on taxpayer rights and responsibilities will entail initial staff resources for the development of the publications and continuing printing and distribution costs. Also, the accrual of interest on delayed refunds will cause the total amount of refunds to increase, depending on the promptness of Division of Taxation actions. The increased time periods for the appeal of an assessment, and the elimination of the requirement for the posting of a bond, would lead to the

expectation of the protraction of the appeals process and lower collections of judgments at the resolution of that process. No specific data on which to base reasonable estimates are available to OLS upon which a reasonable estimate can be based, but OLS expects that the additional costs will be continuing ones.

This 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.

1 the July 1 next following enactment of those sections shall
2 continue to apply as if those provisions had not been enacted.

3 e. Notwithstanding the repeal of sections 14 and 15 of
4 P.L.1963, c.44 (C.54:39A-14 and 54:39A-15) set forth in section
5 30 of this act, the obligation, lien or duty to pay any taxes,
6 interest or penalties which have accrued or may accrue by virtue
7 of any assessment made or which may be made with respect to
8 taxes due on sales made prior to the July 1 next following
9 enactment of section 29 shall remain as if that section had not
10 been enacted, nor shall this act affect the legal authority to
11 assess and collect the taxes which may be or have been due and
12 payable under P.L.1963, c.44, together with such interest and
13 penalties as would have accrued thereon under any provision of
14 law; nor shall this act invalidate any assessments or affect any
15 proceeding for the enforcement thereof.

16 31. This act shall take effect immediately, provided however
17 that sections 1 through 29 shall remain inoperative until the
18 July 1 next following enactment.

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20 *Sponsors* STATEMENT
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A1474

23 This bill amends procedural tax statutes as a Taxpayers' Bill of
24 Rights to conform New Jersey tax procedures to the prevailing
25 provisions in the majority of other states.

26 The existing statutes of limitations are five years on
27 assessments and two years on refunds for many taxes and there
28 are no statutes of limitations on assessments applicable to the
29 spill compensation tax, the financial business tax, the gross
30 receipts and franchise tax, the alcoholic beverage tax, the litter
31 tax, the cigarette tax and the motor fuels taxes. The three year
32 difference between assessment and refund limitations periods is
33 unusually large compared to neighboring states, most of which
34 have equal periods of limitations. The bill provides for a uniform
35 four year assessment period applicable to both refunds and
36 assessments of all taxes except the gross income tax and the
37 transfer inheritance tax, where limitations periods similar to the
38 federal rules will continue to apply.

39 New Jersey does not pay interest on refunds of overpayments
40 of taxes except under the gross income tax. Only Texas and New
41 Jersey do not pay interest on refunds of corporate taxes. The bill
42 provides for the payment of interest on the refund of
43 overpayments of tax at the same prime rate that is used as the
44 base rate from which interest on underpayments is assessed. The
45 payment of interest will begin to apply to overpayments of taxes
46 on returns due six months after the bill's enactment.

47 Under existing law a 5% penalty is added to any underpayment
48 of tax without any fault on behalf of the taxpayer. As such this
49 penalty is the equivalent of additional interest, which is already
50 economically adequate at the floating prime rate plus 5% to
51 compensate the State for the loss of the use of funds. Automatic
52 penalties without fault unfairly penalize taxpayers which may
53 have adequate reasons to explain the underpayments. Pursuant to
54 regulations, the Director of the Division of Taxation waives

1 penalties if the underpayment is explained to be beyond the
2 control of the taxpayer. The bill codifies that policy and
3 specifically requires the director to follow federal standards,
4 providing a negligence penalty of 5% in the circumstance that an
5 underpayment of tax cannot be reasonably justified.

6 A taxpayer requesting an extension of time to file a
7 corporation business tax return is required to pay 90% of the tax
8 due at the original due date or incur a 5% per month penalty on
9 the entire underpayment. The bill limits the penalty to the
10 amount that the underpayment of tax is less than the 90% of tax
11 required to be paid at the time of the extension request.

12 The bill increases the time to file a protest of an assessment
13 from 30 days to 90 days in order to obtain an administrative
14 hearing and review of the assessment prior to contesting the
15 assessment in the Tax Court. This provision codifies the Division
16 of Taxation's informal practice to consider such protests in
17 certain cases.

18 New Jersey, Iowa, Massachusetts, Tennessee and Washington
19 are the five states which require payment of a contested tax
20 assessment or the posting of a bond prior to a decision by a trial
21 tax tribunal. Federal tax practice does not require payment of
22 the tax or the posting of bond until a trial court decides against
23 the taxpayer. The bill provides that the filing of a complaint
24 with the Tax Court operates as a stay of collection of the tax
25 until entry of a judgement that all or part of the assessment is
26 due.

27 Under current law the director has discretion to waive the
28 amount of interest on underpayments of tax from the prime rate
29 plus 5% to the prime rate plus 3%. The bill increases the amount
30 of interest which the director may waive to all of that in excess
31 of the prime rate.

32 The bill codifies the Division of Taxation's administrative
33 position that federal audit changes extend the 4-year period of
34 limitations on assessments or refunds only for additional taxes
35 and credits resulting from such changes.

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40 Revises various tax provisions concerning payments, penalties,
41 appeals and administration of certain State tax liabilities,
42 providing a Taxpayer's Bill of Rights.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, Nos. 385 and 1474

STATE OF NEW JERSEY

DATED JUNE 8, 1992

The Assembly Appropriations Committee reports favorably Assembly Bill Nos. 385 and 1474, by committee substitute.

Assembly Committee Substitute for Assembly Bill Nos. 385 and 1474 establishes a "Taxpayers' Bill of Rights," amending and supplementing the State Tax Uniform Procedure, R.S.48-1 et seq.

To assure that all taxpayers will be accorded basic rights of fair and equitable treatment, six fundamental rights will be guaranteed by law under this substitute.

I. Taxpayers have a right to basic fair and courteous treatment. This substitute requires the adoption of rules governing informal contacts between the division and taxpayers that assure the same rights available in a formal hearing.

II. All taxpayers have the right to information on their rights under the law. This substitute requires that notices sent by the Division of Taxation include statements outlining the rights of the taxpayers, including the right to counsel.

III. All taxpayers have a right to accurate and reliable information concerning the handling of their cases. This substitute emphasizes that notices sent to taxpayers should include an understandable explanation of the nature of the notice and the reasons for the notice. The substitute requires that the Division of Taxation acknowledge taxpayer protests and refund claims within 30 days of the division's receipt of a protest, and that any penalties resulting from taxpayer reliance on division publications must be waived.

IV. All taxpayers have a right to be protected from unreasonable deadlines. This substitute increases the time allowed for filing a protest from 30 to 90 days, and extends the period allowed for filing an appeal by the time it takes the director to respond to the protest. The substitute allows a taxpayer who wishes to appeal sufficient time to make a considered response.

V. All taxpayers have the right to equal treatment. This substitute allows interest on overpayments of tax at a rate similar to the penalty on underpayments, and allows taxpayers to claim certain damages and costs incurred by unjustified division actions.

VI. All taxpayers have the right to protection from negligent tax collection. This substitute allows a taxpayer to claim damages from the State for the failure of division employees to follow the collection laws and regulations.

The substitute also conforms New Jersey tax procedures to the prevailing provisions in the majority of other states by amending and supplementing the rules concerning the payments, penalties, appeals and administration of State tax liabilities, and by amending and repealing parts of the separate tax statutes to conform those tax laws to the uniform scheme.

The substitute clarifies that the Director of the Division of Taxation may compromise the time for the payment of a liability (but not the amount of liability) if the delayed payment or installment payments were in the interest of the State and the taxpayer would otherwise experience a severe hardship. Interest at the delayed payment rate is required on any unpaid liability.

The substitute provides for the payment of interest on refunds of tax overpayments at the prime rate, beginning on the later of the due date of the tax or the date of actual payment, but forgiving any payment of interest if a refund is made within 180 days. The substitute amends the existing gross income tax refund interest provision to provide that interest on overpayments will be provided at the (probably higher) variable prime interest rate instead of the current 6 percent fixed rate. The substitute simplifies the procedure for the calculation of the prime rate. The substitute provides four year periods of limitation on tax deficiency assessments on most taxes, equal to the four year period in which taxpayers may file for refunds.

The substitute changes the imposition of interest on unpaid liabilities. Currently, interest is imposed at the rate of prime plus 5 percent, and sophisticated taxpayers are aware that the director may waive that rate down to prime plus 3 percent; that system acts to the disadvantage of less sophisticated taxpayers. The substitute provides for interest at prime plus 3 percent in all cases.

The substitute changes the requirements under which a taxpayer may be required to post security before an assessment can be contested and the appeal will act as a stay of collection. No bond will be required, except in cases of failure to file returns or cases in which there is a danger that the taxpayer or the taxpayer's assets will leave the State, if the amount of contested liability is less than \$10,000. If the amount of contested liability is \$10,000 or more, security will be required only if the director finds that the taxpayer's compliance history or financial condition justify it. This provision will eliminate the financial constraints on the ability of taxpayers to exercise their rights of appeal.

The substitute provides greater protection for corporation business tax payers who request an extension for filing but who are nonetheless required to substantially fulfill their payment obligations by providing a second "safe harbor" from the imposition of underpayment penalties. A taxpayer can currently avoid penalties by paying at least 90% of the amount due; under the substitute most taxpayers can also avoid penalties by paying 100% of the previous year's liability.

FISCAL IMPACT:

The Office of Legislative Services has not been able to obtain the specific data required for an estimate of the total costs of the substitute. The shortened assessment periods, increased refund application periods, increased payments of interest on overpayments by business taxpayers are estimated to result in a revenue decline of between \$8 million and \$15 million annually. In addition, the Division of Taxation's duty to develop and distribute information on taxpayer rights and responsibilities will entail initial staff resources for the development of the publications and continuing printing and distribution costs. Further, the new damages provision and the increased periods for filing an appeal, which leads to the expectation of the protraction of the appeals process, are expected to result in increased State costs.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 385 and 1474

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 1, 1992

The Senate Budget and Appropriations Committee reports favorably Assembly Committee Substitute for Assembly Bill Nos. 385 and 1474 with Senate committee amendments.

Assembly Bill Nos. 385 and 1474 (ACS), as amended, establishes a "Taxpayers' Bill of Rights," amending and supplementing the State Tax Uniform Procedure, R.S.48-1 et seq.

To assure that all taxpayers will be accorded basic rights of fair and equitable treatment, six fundamental rights will be guaranteed by law under this substitute.

I. Taxpayers have a right to basic fair and courteous treatment. This substitute requires the adoption of rules governing informal contacts between the division and taxpayers that assure the same rights available in a formal hearing.

II. All taxpayers have the right to information on their rights under the law. This substitute requires that notices sent by the Division of Taxation include statements outlining the rights of the taxpayers, including the right to counsel.

III. All taxpayers have a right to accurate and reliable information concerning the handling of their cases. This substitute emphasizes that notices sent to taxpayers should include an understandable explanation of the nature of the notice and the reasons for the notice. The substitute requires that the Division of Taxation acknowledge taxpayer protests and refund claims within 30 days of the division's receipt of a protest, and that any penalties resulting from taxpayer reliance on division publications must be waived.

IV. All taxpayers have a right to be protected from unreasonable deadlines. This substitute increases the time allowed for filing a protest from 30 to 90 days, and extends the period allowed for filing an appeal by the time it takes the director to respond to the protest. The substitute allows a taxpayer who wishes to appeal sufficient time to make a considered response.

V. All taxpayers have the right to equal treatment. This substitute allows interest on overpayments of tax at a rate similar to the penalty on underpayments, and allows taxpayers to claim certain damages and costs incurred by unjustified division actions.

VI. All taxpayers have the right to protection from negligent tax collection. This substitute allows a taxpayer to claim damages from the State for the failure of division employees to follow the collection laws and regulations.

The substitute also conforms New Jersey tax procedures to the prevailing provisions in the majority of other states by amending and supplementing the rules concerning the payments, penalties,

appeals and administration of State tax liabilities, and by amending and repealing parts of the separate tax statutes to conform those tax laws to the uniform scheme.

The substitute clarifies that the Director of the Division of Taxation may compromise the time for the payment of a liability (but not the amount of liability) if the delayed payment or installment payments were in the interest of the State and the taxpayer would otherwise experience a severe hardship. Interest at the delayed payment rate is required on any unpaid liability.

The substitute provides for the payment of interest on refunds of tax overpayments at the prime rate, beginning on the later of the due date of the tax or the date of actual payment, but forgiving any payment of interest if a refund is made within 180 days. The substitute amends the existing gross income tax refund interest provision to provide that interest on overpayments will be provided at the (probably higher) variable prime interest rate instead of the current 6 percent fixed rate. The substitute simplifies the procedure for the calculation of the prime rate. The substitute provides four year periods of limitation on tax deficiency assessments on most taxes, equal to the four year period in which taxpayers may file for refunds.

The substitute changes the imposition of interest on unpaid liabilities. Currently, interest is imposed at the rate of prime plus 5 percent, and sophisticated taxpayers are aware that the director may waive that rate down to prime plus 3 percent; that system acts to the disadvantage of less sophisticated taxpayers. The substitute provides for interest at prime plus 3 percent in all cases.

The substitute changes the requirements under which a taxpayer may be required to post security before an assessment can be contested and the appeal will act as a stay of collection. No bond will be required, except in cases of failure to file returns or cases in which there is a danger that the taxpayer or the taxpayer's assets will leave the State, if the amount of contested liability is less than \$10,000. If the amount of contested liability is \$10,000 or more, security will be required only if the director finds that the taxpayer's compliance history or financial condition justify it. This provision will eliminate the financial constraints on the ability of taxpayers to exercise their rights of appeal.

The substitute provides greater protection for corporation business tax payers who request an extension for filing but who are nonetheless required to substantially fulfill their payment obligations by providing a second "safe harbor" from the imposition of underpayment penalties. A taxpayer can currently avoid penalties by paying at least 90% of the amount due; under the substitute most taxpayers can also avoid penalties by paying 100% of the previous year's liability.

The substitute, with Senate committee amendments is identical to the Senate Committee Substitute for Senate Bill Nos. 542 and 571.

COMMITTEE AMENDMENTS

The amendments tighten the requirements for taxpayer refund filings, clarify the responsibilities of Division of Taxation employees in responding to taxpayer inquiries and provisions for the calculation of interest on penalties under the gross income

tax that are the same as those under the uniform procedure law.

FISCAL IMPACT

The Office of Legislative Services (OLS) has not been able to obtain the specific data required for an estimate of the total costs of the substitute. The shortened assessment periods, increased refund application periods, increased payments of interest on overpayments by business taxpayers are estimated by OLS to result in a revenue decline of between \$8 million and \$15 million annually. In addition, the Division of Taxation's duty to develop and distribute information on taxpayer rights and responsibilities will entail initial staff resources for the development of the publications and continuing printing and distribution costs. Further, the new damages provision and the increased periods for filing an appeal, which leads to the expectation of the protraction of the appeals process, are expected to result in increased State costs.

The Director of the Division of Taxation included to the committee that in her opinion the bill would have no net fiscal impact on the State.

LEGISLATIVE FISCAL ESTIMATE TO

ASSEMBLY, No. 1474

STATE OF NEW JERSEY

DATED: June 4, 1992

Assembly Bill No. 1474 of 1992 amends and supplements the "State Tax Uniform Procedure Law," R.S.48-1 et seq., to provide a taxpayers' bill of rights to conform New Jersey tax procedures to the prevailing provisions in the majority of other states. The bill concerns the payments, penalties, appeals and administration of certain State tax liabilities, and amends and repeals parts of the tax statutes to conform those tax laws to the uniform scheme.

The bill provides for: the payment of interest on refunds of tax overpayments; equal four-year periods of limitation on tax assessments and refund applications on the majority of taxes; and an increase in the time allowed to file a protest of an assessment from 30 days to 90 days. The bill eliminates the requirement that a contested liability be paid, or a bond in the amount of the liability assessed be posted, before an appeal acts as a stay of collection.

The bill limits the basis for the calculation of corporation business tax underpayment penalty when a filing extension is requested, from the total amount of an underpayment if the satisfied liability is less than 90 percent of total liability to the amount of the underpayment that is less than 90 percent of total liability. The bill increases the amount of penalty interest which the director of the Division of Taxation may waive.

The bill codifies present Division of Taxation policy with regard to waiver of tax underpayment penalties if the director finds that a taxpayer is not at fault and the impact of federal audit changes.

The Department of Treasury, Division of Taxation and the Office of Management and Budget have not provided fiscal information on this bill.

The Office of Legislative Services (OLS) notes that without specific data available on each of the above listed changes it is not possible to determine the costs to the State required by the bill. However, from aggregated data made available in the Annual Report of the Division of Taxation in the Department of the Treasury for the Fiscal Year 1990, it appears that administrative costs, lost penalties and increased payments of interest could result in costs in the range of \$20 million to \$31.5 million for the fiscal year 1993. It must be emphasized, though, that these are speculative estimates based on data that are not reported in a form that lends itself to the production of such estimates. The increased costs of litigation and the revenue losses caused by the protraction of the appeals process cannot be estimated from the data available to OLS. OLS expects that all costs and revenue losses will be continuing ones.

This 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.



1385

OFFICE OF THE GOVERNOR NEWS RELEASE

**CN-001
Contact:**

Jon Shure
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TRENTON, N.J. 08625

Release:

Thursday
Dec. 10, 1992

GOVERNOR SIGNS TAXPAYER BILL OF RIGHTS

Governor Jim Florio today signed legislation outlining a "bill of rights" for taxpayers to ensure timely consideration of protests and appeals, and other tax collection reforms designed to make the system more equitable.

The new reforms:

- Require the Division of Taxation to notify taxpayers of their rights, such as the right to counsel
- Increase the time for filing a protest from 30 to 90 days, and extend the period of time allowed to file an appeal to the same time it takes the Director of Taxation to respond to the taxpayer's protest
- Allow interest on overpayment to be similar to the amount charged on underpayment
- Authorize taxpayers to collect damages for the failure of Taxation employees to abide by collection laws and regulations
- Extend the payment of interest on tax refunds to corporate taxes
- Equalize the period for the state to assess taxes, and for a taxpayer to obtain a refund, to four years
- Make the requirement to post a bond pending the outcome of a tax appeal discretionary
- Reduce the interest rate charged on delinquent taxes from prime-plus 5 percent to prime-plus 3 percent.

The bill, A 385, was sponsored by Assemblypersons Rose Marie Heck, Harriet Derman, Richard Kamin and Robert Franks.

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