

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB657**

**Bill Subtitle: AN ACT TO AMEND THE LAW CONCERNING THE DISCOUNT AVAILABLE TO TAXPAYERS FOR PROMPT SUBMISSION OF SALES TAX RETURNS AND PAYMENTS.**

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### **Basic Change :**

**Sponsor: Senator J. Cooper**

The bill would amend § 26-52-503 to place a limit or cap of one thousand dollars (\$1,000.00) per month on the amount of discount allowed against city and/or county sales tax liability of a taxpayer who files and pays their sales and use tax early. In order for a taxpayer to be eligible for any early filing/payment discounts, current state law requires a taxpayer to file and pay all sales and use tax due on or before the twentieth (20<sup>th</sup>) day of each month for taxes collected in the preceding month. The maximum discount authorized for city and county sales taxes would mirror the existing limit or cap of one thousand dollars (\$1,000.00) currently provided on the state tax liability for sales tax reporting. The effective date of this proposal would be on the first day of the calendar quarter following the effective date of this act.

### **Revenue Impact :**

**Total Annual Local Sales Tax Gain** **\$ 2.57 million**  
(Approximately \$21 Million in local sales tax discounts were allowed during Fiscal Year 2016)

### **Taxpayer Impact :**

There are approximately one hundred and sixty (160) taxpayers currently reporting local taxable sales claiming discounts that would exceed one thousand dollars (\$1,000.00) per month per local jurisdiction. These taxpayers would be subject to the reduced discount amounts.

### **Resources Required :**

None.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Modification of sales tax rules and the state's tax database would be required to account for this change. Education of DFA staff and tax preparers would also be necessary.

### **Other Comments :**

None.

### **Legal Analysis :**

None.