

SB 120 STAFF MEASURE SUMMARY

Carrier: Rep. Marsh

House Committee On Revenue

Action Date: 05/05/21

Action: Do Pass.

Vote: 7-0-0-0

Yeas: 7 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G, Valderrama

Fiscal: No fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 4/22, 5/5

WHAT THE MEASURE DOES:

Modifies period in which certain tax refund interest begins accruing, effective for refunds owing as of January 1, 2018.

ISSUES DISCUSSED:

- Example of the change to the refund interest calculation caused by the inserted "on"
- Effect on past tax returns due to retroactive change
- Explanation of no expected fiscal impact
- Potential impact on revenue.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Statutory changes made in SB 33 (2017) modified interest rate computation from monthly computation to daily computation for purposes of tax deficiency or tax refunds owed by the Department of Revenue (DOR). This change aligned DOR interest computation practices with generally accepted accounting practices in other industries. Statutory language in 2017 did, however, create inconsistency in interest accrual in certain instances. Such inconsistency was not included in 2017 measure description and is likely an inadvertent consequence of the 2017 legislation. Measure eliminates potential interest accrual inconsistency as of January 1, 2018, in alignment with originally enacted changes made by SB 33 (2017).