

ADVISORY GROUP ON : Elimination of Duplicative and Non-Essential Services PROPOSAL#: AGDNES #6

SUBJECT: DOR - Costs exceeds proceeds DATE ADOPTED BY ADVISORY GROUP: October 29, 2009

COMMISSION ACTION: WITHDRAWN DATE: November 17, 2009

RECOMMENDATION: Potential elimination of taxes that generate small revenues yet require substantial administrative management and infrastructure to the point that administrative costs exceed revenue proceeds.

Summary Description/Nature of Change	Key/Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/ Study
Develop plan and/or proposed legislation to eliminate taxes generating relatively small revenue but require substantial administrative management and infrastructure to enforce compliance.	DOR	Elimination of low-generating tax would allow DOR to focus limited resources on compliance issues negatively impacting much higher producing taxes	Proposed legislation. There are approximately 23 or more taxes that could be eliminated from the state tax portfolio.	Many small-revenue taxes are generally viewed as nuisance taxes. Elimination of these taxes could improve overall business climate and increase administrative and enforcement time. Eliminating some or all low-producing taxes will have an impact on increasing revenues without increasing the table of organization.	Proposed legislation would need to consider if this course of action is prudent given the decreased revenue forecasts for the next few years.