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BILL ANALYSIS

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Senate Bill 327 (as introduced 4-24-13)
Sponsor: Senator Dave Robertson
Committee: Finance

Date Completed: 5-22-13

CONTENT

The bill would amend the revenue Act to do the following:

- **Prohibit the use of collection goals, budgets, or quotas in the administration, assessment, collection, or audit of taxes by the Department of Treasury, its consultants and contractors, or their employees.**
- **Require statutes and rules to be applied fairly and equally to all taxpayers.**
- **Provide that an employee could be subject to disciplinary actions if he or she took an action affecting a taxpayer based on targeted collection goals, budgets, or quotas.**
- **Provide that the Department could be ordered to pay costs and fees to a taxpayer for contesting an unauthorized action.**

Specifically, beginning October 1, 2013, both of the following would apply to the Department, employees of the Department, and third-party consultants, contractors, and agents and their employees or those under their direction or control involved in the administration, collection, or auditing of taxes or other money or fees, including unclaimed property, administered by the Department:

- They would be prohibited from using collection goals, budgets, or quotas in actions or decisions relating to the administration, audit, assessment, or collection of money or fees administered by the Department.
- They would have to be independent and carry out their duties and responsibilities without bias as to the application of the governing statutes and rules.

All statutes and rules would have to be fairly, consistently, and equally applied to all taxpayers.

If it were determined that any employee, consultant, contractor, or agent took an action or made a decision affecting a taxpayer based on targeted collection goals, budgets, or quotas, including the potential for revenue loss to the State not supported by statute or law, that action or decision would be subject to review as provided for in Section 21. In addition, an employee could be subject to disciplinary actions as described in Section 28(2). The Department could be ordered to pay costs and fees, including attorney fees, to reimburse a taxpayer for contesting the unauthorized action.

(Section 21 prescribes procedures for the resolution of a dispute between a taxpayer and the Department. Under Section 28(2), a person who violates certain prohibitions is guilty of a felony punishable by a maximum fine of $5,000, imprisonment for up to five years, or both, together with the costs of prosecution. In addition, if the offense is committed by a State employee, he or she must be discharged from office or dismissed from employment upon conviction.)

MCL 205.4 Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have the potential to increase the operating costs of the Department of Treasury due to the proposal for payment of costs and fees to a taxpayer who successfully contested a specified, unauthorized action by a Department employee or contractor. The proposed prohibitions regarding collection and audit goals and quotas would have an unknown but likely minimal impact on State revenue.

Employees in violation of this legislation could be subject to a felony penalty of up to five years imprisonment. Therefore, the bill could have a marginal, but perhaps negligible, fiscal impact on State and local criminal justice costs. There are no data to indicate how many employees would be found in violation and subject to criminal penalties, but it would likely be a small number or zero.

Fiscal Analyst: Dan O'Connor
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