

**STORAGE NAME:** h0951a.frc.doc  
**DATE:** February 22, 2002

**HOUSE OF REPRESENTATIVES**  
**FISCAL RESPONSIBILITY COUNCIL**  
**ANALYSIS**

**BILL #:** HB 951  
**RELATING TO:** Certified Audits  
**SPONSOR(S):** Representative(s) Kallinger  
**TIED BILL(S):** None

**ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:**

- (1) FISCAL POLICY & RESOURCES YEAS 12 NAYS 0
  - (2) FISCAL RESPONSIBILITY COUNCIL YEAS 21 NAYS 0
  - (3)
  - (4)
  - (5)
- 

I. SUMMARY:

When the Certified Audit Project was authorized by the Legislature in 1998, The Department of Revenue's authority for the program was subject to a repeal date of July 1, 2002, or upon completion of the project as determined by the Department, whichever occurs first. This program allows a taxpayer to hire a private Certified Public Accountant (CPA) firm to perform a compliance audit. Taxpayers reporting a liability under this program receive a waiver of penalties and of the first \$25,000 in interest and of 25% of any interest in excess of \$25,000. There are currently 53 taxpayers in the program. Based on results to date, it is anticipated that the program will earn a positive return on investment. While a number of CPAs and taxpayers have expressed an interest in the program, the Department is only beginning to see significant use of the program.

This bill amends paragraph (2)(c) of s. 213.285, F.S., to postpone the repeal of the certified audit program by four years. The new repeal date is July 1, 2006.

THIS DOCUMENT IS NOT INTENDED TO BE USED FOR THE PURPOSE OF CONSTRUING STATUTES, OR TO BE CONSTRUED AS AFFECTING, DEFINING, LIMITING, CONTROLLING, SPECIFYING, CLARIFYING, OR MODIFYING ANY LEGISLATION OR STATUTE.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- |                                   |   |                             |   |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u>         | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. <u>Lower Taxes</u>             | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u>      | Yes <input type="checkbox"/>            | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

When the Certified Audit Project was authorized by the Legislature in 1998, The Department of Revenue's authority for the program was subject to a repeal date of July 1, 2002, or upon completion of the project as determined by the Department, whichever occurs first. This program allows a taxpayer to hire a private Certified Public Accountant (CPA) firm to perform a compliance audit. Taxpayers reporting a liability under this program receive a waiver of penalties and of the first \$25,000 in interest and of 25% of any interest in excess of \$25,000. There are currently 53 taxpayers in the program. Based on results to date, it is anticipated that the program will earn a positive return on investment. While a number of CPAs and taxpayers have expressed an interest in the program, the Department is only beginning to see significant use of the program.

C. EFFECT OF PROPOSED CHANGES:

This bill amends paragraph (2)(c) of s. 213.285, F.S., to postpone the repeal of the certified audit program by four years. The new repeal date is July 1, 2006.

D. SECTION-BY-SECTION ANALYSIS:

Section 1 amends s. 213.053, F.S., to postpone the repeal of the Department of Revenue's authority to share certain information related to audits conducted under the certified audits program. The repeal date is postponed from July 1, 2002 to July 1, 2006.

Section 2 amends s. 213.21, F.S., to postpone the repeal of the Department of Revenue's authority to compromise penalty liabilities and to reduce interest liabilities when the taxpayer is participating in the certified audits program. The repeal date is postponed from July 1, 2002 to July 1, 2006.

Section 3 amends s. 213.285, F.S., to postpone the repeal of the Department of Revenue's authority for the certified audit project. The repeal date is postponed from July 1, 2002 to July 1, 2006.

Section 4 provides that the act is effective on July 1, 2002.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill has been estimated to have an indeterminate fiscal impact on state revenues.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The program is voluntary, but may save the taxpayer money from the waiver of penalties and interest as a result of participation.

D. FISCAL COMMENTS:

Since the state would conduct fewer audits as a result of voluntary participation of taxpayers in this program, and would receive tax money not otherwise collected, the impact should be revenue positive.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or cities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that cities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or cities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

**STORAGE NAME:** h0951a.frc.doc

**DATE:** February 22, 2002

**PAGE:** 4

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON FISCAL POLICY & RESOURCES:

Prepared by:

Staff Director:

Douglas Pile

Lynne Overton

AS REVISED BY THE FISCAL RESPONSIBILITY COUNCIL:

Prepared by:

Staff Director:

Joe McVaney

David Coburn