

PRISON/JAIL POPULATION COST ESTIMATE STATEMENT
NINETIETH SESSION
LEGISLATIVE ASSEMBLY 2015

HOUSE BILL NO. 1227

AN ACT TO AUTHORIZE COUNTIES TO IMPOSE SALES AND USE TAXES.

A prison/jail population cost estimate statement has been requested on HB1227 due to the penalties in section 14.

HB 1227 grants counties the authority to impose sales and use taxes outside the corporate limits of any municipality, upon approval of the board of county commissioners. The bill would create new penalties for filing false or fraudulent returns, failing to file or pay the tax due, and failing to keep records and books. The state has similar penalties for filing and paying state sales and use taxes. Based on data provided by the Unified Judicial System, there have been 84 convictions in the last 5 years, or an average of 17 convictions per year, for failing to pay taxes and 2 convictions, or an average of 0.4 convictions per year for filing false or fraudulent returns. Approximately 25% of state tax filers pay only the 4% state sales and use tax since they are located outside the corporate limits of a municipality. If one assumes a similar number of violators and further assumes that 25% are located outside the corporate limits of a municipality, the estimated annual jail cost is \$3,087 and \$30,872 over a ten year period. The impact on prison costs is negligible.

Approved: /S/ Jason Hancock Date: 2/12/15
Director, Legislative Research Council