

**TESTIMONY OF KEVIN B. SULLIVAN
COMMISSIONER
DEPARTMENT OF REVENUE SERVICES
FINANCE REVENUE & BONDING COMMITTEE
March 16, 2012**

Senator Daily, Representative Widlitz, Senator Roraback, Representative Williams and members of the Committee, thank you for the opportunity to offer testimony on **House Bill No. 5471, *An Act Concerning Refund Claim Periods for Sales and Use Taxes and Personal Income Tax.***

This bill proposes changing the statute of limitations for claiming refunds under both the Sales and Use Taxes and the Income Tax. Stated simply, and as explained below, this bill extends the amount of time taxpayers have to file a claim for refund and does so in such a way that it rewards delinquent taxpayers.

Under current law, a taxpayer generally has three years from the due date of the original return to file a claim for refund. This proposal would allow taxpayers to file a claim for refund either within three years of the due date of the return or two years after the tax was paid, whichever is later. Under this proposal, a taxpayer can pay a tax long after it was due, yet still have the ability to file a refund claim. By way of example, let's assume that a taxpayer doesn't timely file or pay her income tax for 2012 (due April 15, 2013). In 2018, or five years later, the taxpayer files her return and pays her tax. Despite being five years delinquent, the taxpayer would still have two years from the date she made her payment (or until 2020) to file a claim for refund. As this example illustrates, not only would this proposal extend the refund claim period for delinquent taxpayers, it results in greater uncertainty for the state's tax revenue.

I respectfully request that no action be taken on this bill. Thank you.