

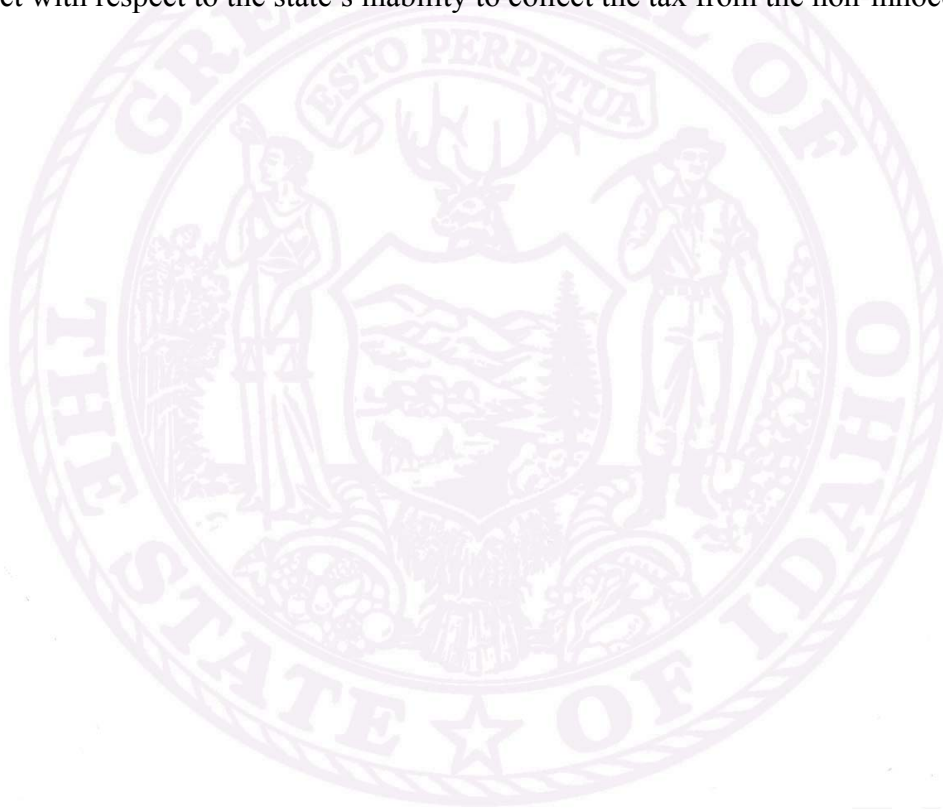
STATEMENT OF PURPOSE

RS22701

The proposed legislation will protect "innocent spouses" from tax liability arising from an understatement of income attributable to the other spouse who has filed a joint tax return with the innocent spouse. To qualify for innocent spouse protection, a spouse must be separated or divorced from the tax-liable spouse, prove that he or she received no benefit from the unreported income, and that it would be inequitable to hold the innocent spouse liable for the tax.

FISCAL NOTE

Even though the "innocent spouse" will be released from certain income tax liabilities under the legislation, the state will retain its right to collect those taxes from the spouse who generated the income for those liabilities. Accordingly, this legislation will not have any fiscal impact unless the state is unable to collect the taxes from the income generating spouse. It is impossible to predict the fiscal impact with respect to the state's inability to collect the tax from the non-innocent spouses.



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