

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue by Prior Reference
Vote:	7 - 0 - 1
Yeas:	Clem, Conger, Matthews, Sheehan, Smith J., Holvey, Whisnant
Nays:	0
Exc.:	Cameron
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	2/17, 3/31

WHAT THE MEASURE DOES: Authorizes expansion of current intergovernmental reciprocal agreements the Department of Revenue has with the U.S. Financial Management Service and the Internal Revenue Service, currently limited to use of tax refunds to pay for outstanding tax obligations, to include the offset of other payments to be used in payment of other liquidated debt.

ISSUES DISCUSSED:

- Efforts to improve fairness and equity in tax collections
- Whether expected expenses would outweigh expected increased tax collections

EFFECT OF COMMITTEE AMENDMENT: Replaces the original measure.

BACKGROUND: Currently, the department has the authority to enter into intergovernmental agreements with the U.S. Financial Management Service and the Internal Revenue Service for the purpose of engaging in the reciprocal offset of federal tax refunds in payment of liquidated state tax obligations and the offset of state tax refunds in payment of liquidated federal tax obligations.

Currently only tax refunds are offset by tax obligations. HB 2550-A will allow offset of overpayments, refunds, and vendor payments (any payment made by the state or United States to a person, but not including overpayments, salaries, wages, or pensions). The fee provision has not changed.

The department reported that for the period July 2009 to March 11, 2011 (roughly 21 months) there were 140,470 debtors certified as eligible for the federal offset, and the department received approximately \$20 million in payments for approximately 40,359 debtors (about \$496 per debtor).

A liquidated account, in general, is one where the exact past due amount is known, proper notification of the debt has been made to the debtor, and there has been a judgment, distraint warrant, administrative proceeding, or similar action to establish the debt.

The original proposal was to allow the department to enter into intergovernmental reciprocal agreements with other states and with other federal entities. The measure reported out of committee does not include this expansion.