

Joint Committee on Ways and Means

Carrier – House: Rep. Nathanson  
Carrier – Senate: Sen. Johnson

Revenue: Revenue statement issued

Fiscal: Fiscal statement issued

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Action: Do Pass the A-Engrossed Measure

Vote: 17 – 7 – 1

House

Yeas: Beyer, Buckley, Cowan, Freeman, Komp, Nathanson, Nolan, Richardson, G. Smith

Nays: Garrard, McLane, Thatcher, Whisnant

Exc: Kotek

Senate

Yeas: Bates, Devlin, Edwards, Johnson, Monroe, Nelson, Verger, Winters

Nays: Girod, Thomsen, Whitsett

Exc:

Prepared By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: May 27, 2011

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**WHAT THE MEASURE DOES:** Expands the current intergovernmental reciprocal agreements the Department of Revenue (DOR) has with the U.S. Financial Management Service and the Internal Revenue Service to include the offset of other payments (not just tax refunds) in payment of liquidated debt (not just tax obligations).

**ISSUES DISCUSSED:**

- Types of payments that can be withheld (offset) to pay debts
- Concern that payments to low income Oregonians might be offset
- Testimony from DOR regarding existing state laws that control what payments are subject to the agreement

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Currently, DOR 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. A liquidated debt, 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.

Currently only tax refunds are offset by tax obligations. The bill will allow offset (withholding) of overpayments, refunds, and vendor payments to pay other, non-tax debts. While the bill does not specifically identify which payments are subject to withholding under the agreement, federal and state laws contain existing provisions excluding certain types of payments from offset. These include Social Security, means-tested benefit payments (such as Supplemental Security Income), veterans' benefits, public assistance, unemployment benefits, disability benefits, and workers' compensation. The agreement itself would also address inclusions/exclusions and other items and/or conditions specific to Oregon's agreement with the federal government.

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.