

House Bill 2550

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of House Interim Committee on Revenue)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Authorizes Director of Department of Revenue to enter into federal and state intergovernmental agreements governing reciprocal offsets of certain payments against debts.

Requires fee charged by federal government or another state for processing offset request to be added to taxes, interest and penalties owed by taxpayer or other person to this state.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to intergovernmental agreements governing reciprocal offsets of certain payments against
3 debts; and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. As used in this section and section 2 of this 2011 Act:**

6 (1) **"Claimant" means the United States or another state that enters into an intergov-**
7 **ernmental agreement with this state under section 2 of this 2011 Act or requests application**
8 **of a vendor payment or an overpayment to a debt.**

9 (2)(a) **"Debt" means:**

10 (A) **For purposes of state debt:**

11 (i) **A state tax obligation, or any past due legally enforceable obligation owed to a state,**
12 **that has been fixed by final judgment of a court of competent jurisdiction or is no longer**
13 **subject to judicial review; or**

14 (ii) **An enforceable determination of an administrative body that is no longer subject to**
15 **administrative or judicial review; or**

16 (B) **For purposes of federal debt, a federal tax obligation or any amount of money, funds**
17 **or property that has been determined by an appropriate official of the federal government**
18 **to be owed to the United States by a person, organization or entity, except another federal**
19 **agency, to the extent such amount is eligible for offset under federal law.**

20 (b) **"Debt," for purposes of federal debt, includes debt administered by a third party act-**
21 **ing as an agent for the federal government.**

22 (3) **"Debtor" means a person that owes a debt.**

23 (4) **"Person" has the meaning given that term in ORS 174.100.**

24 (5) **"Vendor payment" means any payment, other than an overpayment, made by a state**
25 **or the United States to any person. "Vendor payment" does not include a person's salary,**
26 **wages or pension.**

27 **SECTION 2. (1) In addition to the authority provided in ORS 305.612, and provided the**
28 **claimant grants substantially similar privileges to this state, the Director of the Department**
29 **of Revenue may enter into an intergovernmental agreement with the United States Financial**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 Management Service and the Internal Revenue Service or with another state for the purpose
2 of engaging in the reciprocal offset of:

3 (a) All or part of an overpayment, a vendor payment or a refund owed by this state to
4 a taxpayer or other person against a debt owed by that taxpayer or other person to a
5 claimant; and

6 (b) All or part of an overpayment, a vendor payment or a refund owed by the United
7 States or another state to a taxpayer or other person against a debt owed by that taxpayer
8 or other person to this state.

9 (2) The United States will not be required under this section to offset tax overpayments
10 owed by it except to the extent that it agrees to do so.

11 (3) An agreement with the claimant must specify that a taxpayer or other person owed
12 a vendor payment will receive 30 days' advance written notice of the offset and will be pro-
13 vided with an opportunity to present written or oral evidence about the application of the
14 overpayment or vendor payment to the debt.

15 (4) A taxpayer or other person owed a vendor payment, or a person treated as a debtor
16 under this section, may pursue judicial review under ORS 183.480. This subsection does not
17 apply to determinations of liability for taxes owed to this state.

18 (5) If a taxpayer or other person owes more than one debt that is eligible for offset under
19 this section, any overpayment or vendor payment will be credited against the debts in the
20 order in which the debts accrued. A debt will be considered to have accrued at the time at
21 which the debt became past due.

22 (6) Notwithstanding ORS 314.835, 314.840 or 314.991, the director is authorized to release
23 to a claimant taxpayer information for purposes of implementing and administering an
24 agreement entered into between the claimant and this state under this section.

25 (7) The director may pay a fee charged by the federal government or another state for
26 the processing of an offset request. The fee may be deducted from amounts remitted to this
27 state pursuant to an intergovernmental agreement. The amount of the fee shall be added to
28 the taxes, interest and penalties owed by the taxpayer to this state.

29 (8) The director shall establish rules for the administration of this section and section 1
30 of this 2011 Act, including rules establishing fees to be charged to the federal government,
31 or to another state, for the provision of state offset services.

32 **SECTION 3.** This 2011 Act takes effect on the 91st day after the date on which the 2011
33 session of the Seventy-sixth Legislative Assembly adjourns sine die.

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