

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 13-0652

**Date:** April 9, 2013

**Prime Sponsor(s):** Sen. Heath

**Bill Status:** Senate Finance

**Fiscal Analyst:** Bill Zepernick (303-866-4777)

**TITLE:** CONCERNING THE COLLECTION OF DEBT OWED TO GOVERNMENTAL ENTITIES, AND, IN CONNECTION THEREWITH, SPECIFYING PROCEDURAL REQUIREMENTS FOR OFFSETTING SUCH DEBTS AGAINST STATE TAX REFUNDS AND AUTHORIZING THE STATE TO ENTER INTO RECIPROCAL DEBT COLLECTION AGREEMENTS WITH THE FEDERAL GOVERNMENT AND OTHER STATES.

<b>Fiscal Impact Summary</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b> Multiple Fund Sources	Potential increase in debt collected. See State Revenue section.	
<b>State Expenditures</b>	Minimal. See State Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.		
<b>Appropriation Summary for FY 2013-2014:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section		

**Summary of Legislation**

The bill clarifies the type of debt collection services offered by the Department of Personnel and Administration (DPA) and specifies the procedural requirements that must be followed. These requirements include sending a notice to a person of his or her debt and the option to request a hearing before certifying a debt to the Department of Revenue (DOR) to be offset against a tax refund. In addition, the bill authorizes the state to enter into reciprocal debt collection agreements with the federal government and other states, and specifies the procedures for such agreement. Among other things, the bill specifies the order in which debts are to be paid under reciprocal debt agreements when multiple creditors have claims against a person (in order, state agencies and institutions are paid first, followed by political subdivisions of the state, and then the federal government and other states).

**State Revenue**

The bill may increase the amount of debt collected by state agencies by allowing reciprocal debt agreements with other states and the federal government. At this time, the exact increase in the amount of debt collected cannot be estimated.

**State Expenditures**

The DPA may have a small increase in programming workload to ensure that its systems can connect with the national debt collection data system used for the tax offsets under reciprocal debt agreements under the bill. These changes can be accomplished within existing appropriations.

The Office of Administrative Courts (OAC) in the DPA may also experience an increase in workload for hearing prior to certifying a debt to be offset by a tax refund. The extent of any caseload increase is unknown at this time and will be addressed through the regular budget process for determining staffing in the OAC.

**Local Government Impact**

As for state agencies, local governments may also have increased debt collection through the use of reciprocal debt collection agreements. At this time, the exact increase in the amount of debt collected cannot be estimated.

**Departments Contacted**

Personnel and Administration	Revenue	Judicial
Law	Counties	Municipalities
Health Care Policy and Financing	Human Services	Local Affairs