



**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**

Fiscal Note On: **HB 972** HLS 22RS 1868  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

**Date:** April 26, 2022 8:37 AM **Author:** PHELPS  
**Dept./Agy.:** Revenue/Office Motor Vehicles **Analyst:** Deborah Vivien  
**Subject:** Amnesty for all fines, fees, penalties, for ODR

FEES/LICENSES/PERMITS OR INCREASE SD RV See Note Page 1 of 1  
 Establishes an amnesty program for fines, fees, and assessments imposed by state agencies

Current law requires agencies without a collection contract with the Attorney General to transfer all final debt 60 days or older to the Office of Debt Recovery (ODR) in the Department of Revenue (LDR). ODR is authorized to assess an additional 25% fee on all debt owed that was made final. The ODR fee is in addition to any other outstanding obligations.

Proposed law directs the Department of Revenue to develop and implement a state debt recovery amnesty program. The program will be open from October 1, 2022, through December 31, 2022, and shall waive all interest, collection costs (including ODR fees), and penalties on fines, fees or assessments imposed by a state agency and referred to ODR for collection. All initial liabilities must be paid to qualify for the waiver.

EXPENDITURES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$499,870	\$0	\$0	\$0	\$0	<b>\$499,870</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$499,870</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$499,870</b>

  

REVENUES	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	INCREASE	DECREASE	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	DECREASE	DECREASE	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	DECREASE	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

The Department of Revenue anticipates a significant expense related to administering an amnesty program of this size based on actual experience with tax amnesty programs. The department indicates the need for \$76,000 for programming, licensing new users and creating the website for amnesty applications, \$383,870 for 20 Tax Officers (WAE positions) for 6 months and \$40,000 for equipment for the 20 positions. Without a specified source of funding in the bill, it is expected that these expenses will be paid with state general fund.

**REVENUE EXPLANATION**

This bill could serve to accelerate collections due to an amnesty program that waives collection fees. However, the collection fees being waived are currently funding the Department of Revenue and may need to be replaced by other means of finance.

The Office of Debt Recovery (ODR) collects on behalf of many state agencies. Agencies report debt that has been final for 60 days to ODR as a lump sum, regardless of whether the delinquent amount includes additional interest or penalties imposed by the agency. ODR collects on the total amount, sends the proceeds back to the agencies who presumably classify it to its originally intended use. In this note, increased collections due to amnesty are shown as an increase in either a statutory dedication or state general fund, but could also be agency self-generated revenue, depending on the initial use. In the collection process, ODR adds up to 25% of the delinquent amount as a collection fee, which would be waived by this bill. Because LDR has no reported way to quickly determine how much of the referred delinquent amounts are agency imposed interest or penalties, the only fee that is expected to be readily waived through amnesty program in the bill is the ODR fee, thus the decrease in agency self-generated revenue depicted above.

The magnitude of an amnesty program is difficult to predict due to participation rates and the amounts owed by those choosing to apply. LFO practice has been to include amnesty collections only after classification into the appropriate revenue sources to be incorporated into the revenue forecast as the funds are received. Further, amnesty programs of this length could be considered one-time revenue. ODR currently has \$542,949,286 in delinquent debt referred from various agencies spread over 880,961 active debt accounts. If participation is 10%, LDR would be required to verify and waive 88,096 accounts, though the amounts of each would depend on the delinquencies of the applicants. Any specific amounts expected to be collected or waived are speculative, and no specific amount is recommended for purposes of this fiscal note.

Amnesty programs tend to accelerate some collections that would normally occur in subsequent years into the amnesty year, which lowers collections in subsequent years, while other collections may come about only because amnesty is available. The revenue forecast assumes a typical pattern of delinquent collections, and an amnesty program tends to disrupt the pattern between fiscal years, which is why a FY 24 impact is noted. In the past, proceeds from short amnesty programs have been declared non-recurring due to the nature of the program, which could limit uses of the collected funds.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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