

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 422** HLS 23RS 759

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

**REVISED**

<b>Date:</b> April 12, 2023	4:28 PM	<b>Author:</b> MARCELLE
<b>Dept./Agy.:</b> Department of Revenue		<b>Analyst:</b> Noah O'Dell
<b>Subject:</b> Limiting Fees by Office of Debt Recovery on Criminal		

REVENUE DEPARTMENT OR DECREASE SG RV See Note Page 1 of 1  
Limits the fees assessed by the office of debt recovery on delinquent debt that originates from certain criminal fines, fees, and costs

Proposed law reduces the maximum collection fee amount from 25% to 15% for any debt that originates from a criminal fine, fee, or cost as a percentage of the total liability of the final debt.

<b>EXPENDITURES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$95,000	\$0	\$0	\$0	\$0	<b>\$95,000</b>
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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><u>\$0</u></b>
<b>Annual Total</b>						

  

<b>REVENUES</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law will result in an increase in SGF expenditures by \$95,000 in the Department of Revenue (LDR). Implementation of the proposed measure will incur one-time programming, testing, and system modification costs within the Office of Debt Recovery (ODR).

Proposed law reduces the collection fee being assessed to any debt that originates from a criminal fine, fee, or cost. Presently, the Office of Debt Recovery charges up to a 25% collection fee on all delinquent debt and utilizes collection fees to cover 100% of the office's operational costs, which includes funding for mailing notices letters, statements, certified offset letters, and outside collection agencies.

**REVENUE EXPLANATION**

The proposed law reduces SGF and SGR within ODR as a result of reducing the assessed collection fee from 25% to 10% for debt that originates from criminal fines or fees. ODR reports that 92.8% of the current debt inventory would be classified as criminal. The Legislative Fiscal Office (LFO) cannot reasonably determine the percentage of delinquent debt that would be considered criminal because no definition of criminal is provided in the bill. The *2021-2022 Annual Tax Collection Report* states that ODR collected a total of \$53,399,026, which includes \$9,943,297 of SGR for ODR. The majority of delinquent debt revenue collected in FY 22 originated from the Office of Motor Vehicles (\$46.9 M) and the Department of Corrections (\$2.6 M).

For illustrative purposes, if the maximum collection fee were reduced from 25% to 15%, and that 92.8% of the debt collected is considered to be criminal, ODR's SGR would decrease from \$9,943,297 to \$6,715,462 based on the information provided from the *2021-2022 Annual Tax Collection Report*.

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}

*Evan Brasseaux*  
**Evan Brasseaux**  
**Interim Deputy Fiscal Officer**