

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 37** SLS 19RS 221
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action: **w/ HSE FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.:

Date: May 31, 2019 9:37 AM	Author: PEACOCK
Dept./Agy.: REVENUE	Analyst: Benjamin Vincent
Subject: Debt Recovery: Local Agencies	

TAX/TAXATION EGF INCREASE SG RV See Note Page 1 of 1
 Authorizes the office of debt recovery to collect delinquent debts on behalf of local government subdivisions. (8/1/19)

Present law authorizes municipalities and parishes to refer unpaid debt to the Department of Revenue (LDR) for offset against individual income tax refunds.

Proposed law authorizes but does not require all units of local government, including school boards and special districts, to refer unpaid debts for offset at the same priority level for municipalities and parishes. Proposed law specifies that an unpaid public elementary and secondary school meal balance does not meet the definition of "debt".

Effective August 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

LDR is required to notify each individual whose tax refund is being offset, at a cost of approximately \$4 per certified letter. To the extent that accounts with the Office of Debt Recovery (ODR) increase, there will be an increase in this expense.

REVENUE EXPLANATION

Proposed law will increase the number of agencies that are able to participate in LDR's offsetting process and ODR's collection process. To the extent that unpaid debts are collected by ODR that could not have been referred for collection under present law, fee revenue will increase.

A material impact on local funds in the aggregate is not anticipated, although over time a small increase in collections may result, to the extent that compliance and enforcement is enhanced beyond what current law already provides.

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}

Gregory V. Albrecht
Chief Economist