

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 695** HLS 16RS 1249

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 28, 2016 12:31 PM	Author: BROADWATER
Dept./Agy.: Revenue/Attorney General	Analyst: Deborah Vivien
Subject: Requires transfer of all delinquent debt to ODR	

REVENUE DEPARTMENT

OR INCREASE SG RV See Note

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Provides relative to the types of debt the office of debt recovery is charged with collecting

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 in the Department of Revenue. All non-final debt 60 days or older is to be transferred to the Attorney General pursuant to the agreements and rules. It is expected that the Attorney General exhausts all remedies required to make the debt final, after which it is transferred to the Office of Debt Recovery.

Proposed law redefines delinquent debt as including non-final debt which requires all agencies to transfer any debt 60 days or older to the Office of Debt Recovery instead of the Attorney General, regardless of whether the debt is final or not. It is anticipated though not explicit that existing collection contracts with the Attorney General remain in place. Presumably, at that time, the Office of Debt Recovery will then use all tools available to it to collect the debt, including tax refund offsets, bank account garnishment and more. Presumably, the Office of Debt Recovery will be tasked with making all transferred debt final.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

According to the Attorney General (AG), the bill may effectively eliminate the role of the Attorney General in debt collection, especially if current collection contracts are impacted. In making debt final, the AG and the Department of Revenue indicate a concern for due process if debt is deemed collectible in a manner similar to final debt without first exhausting all administrative and judicial review.

REVENUE EXPLANATION

Under current law, the Office of Debt Recovery is directed to add 25% to all transferred debt and retain that amount as self-generated revenue in accordance with an agreement with the Attorney General. Under this bill, if all debt 60 days or more is transferred to the Office of Debt Recovery, fee revenue will necessarily increase since much of that debt is currently being collected, albeit beyond 60 days, and will now be collected with the 25% fee added to it.

It is not clear whether debt collections will increase due solely to this bill since debt beyond 60 days is currently being collected by the Office of Debt Recovery. To the extent collections increase beyond current levels due to the effectiveness of the ODR collection tools, revenue will increase with the funds directed back to the original agency and use.

Senate Dual Referral Rules House

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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