

Department of Finance and Administration

Legislative Impact Statement

Bill: SB408

Bill Subtitle: TO AMEND THE LAW GOVERNING OFFSETTING DELINQUENT TAX COLLECTIONS AGAINST A STATE INCOME TAX REFUND; AND TO ADD ALL STATE AGENCIES, BOARDS, COMMISSIONS AND THEIR SUBDIVISIONS TO THE DEFINITION OF "CLAIMANT AGENCY".

Basic Change :

Sponsor: Sen. Irvin

§ 26-36-303(1)(A) identifies nineteen (19) claimant agencies eligible to offset a taxpayer's state income tax refund to satisfy a debt to those agencies. SB408 amends § 26-36-303(1)(A) to expand the list of claimant agencies to include "all state offices, boards, commissions, departments, councils, bureaus, or any agency of state government."

Revenue Impact :

None.

Taxpayer Impact :

A taxpayer that owes a debt to a state office, board, commission, department, council, bureau, or other agency of state government and have a verified claim for a state tax refund, may have their refund offset to pay the debt.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Computer system, forms and booklet must be updated. Staff, tax community and claimant agency must be educated.

Other Comments :

None.

Legal Analysis :

§ 26-36-301 et seq. provides a mechanism to collect debts owed to the state, the Internal Revenue Service, Arkansas counties, cities, and towns, and certain housing authorities through the offset of an individual's state income tax refund. Entities to whom a debt is owed are known as "claimant agencies." A new claimant agency cannot be added to the list of claimant agencies unless that agency has an annual outstanding debt of \$200,000 as defined in § 26-36-303(2). Each claimant agency is

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required to follow a statutory process to ensure that due process and other rights are afforded to a taxpayer whose refund is to be offset to the claimant agency.

SB408 adds "all state offices, boards, commissions, departments, councils, bureaus, or any agency of state government" as claimant agencies eligible to offset a taxpayer's state income tax refund to satisfy a debt. It is unknown whether all state agencies have an annual outstanding debt of \$200,000 as defined in § 26-36-303(2).