

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1356

Bill Subtitle: TO INCLUDE THE ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT WITHIN THE DEFINITION OF "CLAIMANT AGENCY" FOR THE PURPOSE OF OBTAINING A SETOFF AGAINST STATE TAX REFUNDS FOR DEBTS OWED TO THE STATE.

Basic Change : Sponsor: Rep. Pitsch

Adds the Arkansas State Highway and Transportation Department as a claimant agency for the purpose of obtaining a setoff against state tax refunds.

Revenue Impact :

None

Taxpayer Impact :

Taxpayers who owe a debt to the Arkansas State Highway and Transportation Department and have a verified claim for a state tax refund, may have their refund setoff to pay the debt.

Resources Required :

None

Time Required :

Adequate time is provided.

Procedural Changes :

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

Other Comments :

None

Legal Analysis :

HB1356 amends existing law by adding the Arkansas State Highway and Transportation Department (AHTD) to the list of claimant agencies enabled by statute to use the individual income tax refund setoff procedures of § 26-36-301 et seq. to recover an outstanding debt. To qualify as a "claimant agency," as defined by § 26-36-303, AHTD must have an annual outstanding debt of at least \$200,000. See § 26-36-303(1)(B). Also, the type of debt owed to the AHTD must fall within one of the categories enumerated in subsection (2). If it does not, the debt cannot be taken into account for the purpose of determining whether the \$200,000 threshold required by subsection (1)(B) is satisfied. The procedures to be followed in effecting a setoff are set forth in § 26-36-301 et seq. and AHTD will need to ensure these procedures are adhered to in order to ensure due process of law is afforded to all affected persons and entities.