

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB316**

**Bill Subtitle: TO ADD THE CONTRACTORS LICENSING BOARD, RESIDENTIAL CONTRACTORS COMMITTEE, AND THE DEPARTMENT OF LABOR AND LICENSING TO THE LIST OF CLAIMANT AGENCIES FOR PURPOSES OF THE SETOFF AGAINST STATE TAX REFUNDS.**

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### **Basic Change :**

**Sponsors: Sen. Irvin; Reps. K. Moore, L. Johnson, and Wardlaw**

SB316 amends § 26-36-303(1)(a) to add the Contractors Licensing Board, the Residential Contractors Committee, and the Department of Labor and Licensing as claimant agencies who are able to offset a taxpayer's state income tax refund to satisfy a debt.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

A taxpayer that owes a debt to the Contractors Licensing Board, the Residential Contractors Committee, or the Department of Labor and Licensing and have a verified claim for a state tax refund, may have their refund setoff to pay the debt.

### **Resources Required :**

The Arkansas Integrated Revenue System (AIRS) will require programming at an estimated cost of \$8,000. Tax forms and instructions will need to be updated.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Department employees will need to be educated as well as the tax community.

### **Other Comments :**

It is unknown if the Contractors Licensing Board, Residential Contractors Committee, or the Department of Labor and Licensing meet the outstanding debt limit of \$200,000 in order to be added to the list of eligible "claimant agencies" under § 26-36-303.

### **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.

SB316 adds the Contractors Licensing Board, the Residential Contractors Committee, and the Department of Labor and Licensing as claimant agencies eligible to offset a taxpayer's state income tax refund to satisfy a debt.