SLS 19RS-221

ENGROSSED

2019 Regular Session

SENATE BILL NO. 37

BY SENATOR PEACOCK

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

TAX/TAXATION. Authorizes the office of debt recovery to collect delinquent debts on behalf of local government subdivisions. (8/1/19)

1	AN ACT
2	To amend and reenact R.S. 47:299.2(1)(d), and (3), 299.11(9), and 1676(B)(3) and to enact
3	R.S. 1676(B)(1.1), relative to delinquent debt collection; to authorize all units of
4	local government to participate in the income tax refund offset program; to provide
5	limitations for debt related to school meals; to authorize all units of local government
6	to refer delinquent debt to the Office of Debt Recovery; and to provide for related
7	matters.
8	Be it enacted by the Legislature of Louisiana:
9	Section 1. R.S. 47:299.2(1)(d), and (3), 299.11(9), and 1676(B)(3) are hereby
10	amended and reenacted and R.S. 47:1676(B)(1.1) is hereby enacted to read as follows:
11	§299.2. Definitions
12	For purposes of this Part, the following words, terms, and phrases have the
13	meaning ascribed to them by this Section unless the context clearly indicates a
14	different meaning:
15	(1) * * *
16	(d) "Agency" shall also mean a municipality, parish, or any other unit of
17	local government, authorized by law to perform governmental functions,

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1	including a school board, and a special district, or any entity which submits
2	claims on behalf of the municipality, or parish, or other unit of local government.
3	* * *
4	(3) "Debt" means any legally collectible, liquidated sum due and owing an
5	agency, or due and owing a person and collectible by any agency, or a judgment,
6	order of the court, or bond forfeiture which is properly certified by the clerk and
7	which orders the payment of a fine or other court ordered penalty, if the amount of
8	the debt is twenty-five dollars or more. "Debt" shall not include any amount due
9	for an unpaid public elementary or secondary school meal balance.
10	* * *
11	\$299.11. Ranking and priority of claims
12	If two or more agencies file offset claims with the secretary against an
13	individual's refund, the secretary shall remit the refund to the claimants if sufficient
14	funds exist in the following order with the first offset claim to be paid being
15	completely satisfied before a second or subsequent offset claim is paid:
16	* * *
17	(9) Claims made by <u>a</u> municipality or a parish, parish, or any other unit of
18	local government, authorized by law to perform governmental functions,
19	including a school board and a special district.
20	* * *
21	§1676. Debt recovery
22	* * *
23	B. For purposes of this Section, the following words shall have the following
24	meanings unless the context clearly indicates otherwise:
25	* * *
26	(1.1) "Agency" shall also mean any municipality, parish, or any other
27	unit of local government, authorized by law to perform governmental functions,
28	including school boards and special districts. Notwithstanding any provision of
29	this Section to the contrary, local government subdivisions shall be permitted

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but not required to refer their delinquent debt to the Office of Debt Recovery
for collection.

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4	(3) "Debt" means any legally collectible liquidated sum due and owing an
5	agency, or due and owing a person and collectible by any agency, or a judgment,
6	order of the court, or bond forfeiture that is properly certified by the clerk and that
7	orders the payment of a fine or other court-ordered penalty. The legally collectible
8	and liquidated sum due includes principal and accruing interest, fees, and penalties,
9	if appropriate. "Debt" shall not include any legally collectible liquidated sum due and
10	owing to an agency or an individual pursuant to the following federal programs: Title
11	IV-A, Title IV-B, Title IV-D, Title IV-E, or Title XX of the federal Social Security
12	Act, 7 U.S.C. 2011 et seq., 42 U.S.C. 9858 et seq., 42 U.S.C. 5101 et seq., 42 U.S.C.
13	5116 et seq., 42 U.S.C. 10401 et seq.; or, any sums due on account of overpaid
14	unemployment compensation benefits or unpaid contributions or reimbursements
15	pursuant to the Louisiana Employment Security Law under R.S. 23:1471 et seq.
16	"Debt" shall not include any amount due for an unpaid public elementary or
17	secondary school meal balance.
18	* * *

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Leonore Heavey.

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DIGEST 2019 Regular Session

Peacock

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

Proposed law authorizes all units of local government, including school boards and special districts, to refer unpaid debt to the Department of Revenue for offset against individual income tax refunds.

Present law defines debt as any legally collectible, liquidated sum due and owing an agency that is in excess of \$25.

Proposed law provides that an unpaid balance for public elementary and secondary school meals will not be considered debt for purposes of the income tax refund offset program.

Present law provides for a priority ranking of refund offset claims.

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<u>Proposed law</u> retains <u>present law</u> priority for municipalities and parishes and adds all other local government units authorized to perform governmental functions, including a school board or special district to this priority level.

<u>Present law</u> requires state agencies to refer certain delinquent debts to the Office of Debt Recovery for collection.

<u>Proposed law</u> retains <u>present law</u> for state agencies and authorizes all units of local government to refer final delinquent debts to the Office of Debt Recovery for collection.

<u>Present law</u> defines debt as any legally collectible, liquidated sum due and owing an agency and provides for exceptions.

<u>Proposed law</u> retains <u>present law</u> exceptions from the definition of debt and further provides that an unpaid balance for public elementary and secondary school meals will not be considered debt that may be referred to the office of debt recovery.

Effective August 1, 2019.

(Amends R.S. 47:299.2(1)(d), (3), 299.11(9), and 1676(B)(3); adds R.S. 47:1676(B)(1.1))

Summary of Amendments Adopted by Senate

<u>Committee Amendments Proposed by Senate Committee on Revenue and Fiscal</u> <u>Affairs to the original bill</u>

- 1. Adds exceptions to debt collection programs for unpaid school meals.
- 2. Makes technical changes.