

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 588** HLS 16RS 1065

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|--------------------------------|
| Date: April 1, 2016 | 2:38 PM | Author: JOHNSON, R. |
| Dept./Agy.: Revenue Children and Family Services | | Analyst: Deborah Vivien |
| Subject: Establishes fees for tax offset claims | | |

REVENUE/TAXATION DEPT

OR NO IMPACT SG RV See Note

Page 1 of 1

Changes the fee charged to the Department of Children and Family Services for each tax offset claim

Current law imposes a fee of \$25 per state tax refund offset claim for any state agency utilizing the offset services of the Department of Revenue. The fee collections become self-generated revenue for the Department of Revenue. The Department of Children and Family Services utilizes the tax refund offset for child support enforcement purposes. The fee is deducted from the identified tax refund prior to passing it through as child support.

Proposed law limits the fee to \$4 per tax offset claim for the Department of Children and Family Services (DCFS).

| 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> | \$0 |
| 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. | \$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> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Because the bill is in keeping with current practice, there is no anticipated direct material effect on governmental revenues as a result of this measure. The mandatory tax refund offset fee was increased from \$4 to \$25 per claim in Act 130 of 2015 for all agencies. However, the charge to DCFS by the Department of Revenue was never increased for fees related to child support collections due to potential conflicts with federal law concerning deductions from child support collections. The bill codifies the current practice of charging DCFS a fee of \$4 per tax refund offset claim for child support enforcement services.

Using figures from the Department of Revenue based on FY 15 offset claims, DCFS transferred about \$69,000 to LDR for tax refund offset claims or roughly 17,250 claims at the \$4 rate. The fee is deducted from the identified tax refund and reduces the amount of child support remitted for the child.

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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