

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**Session 2005**

**Legislative Fiscal Note**

**BILL NUMBER:** Senate Bill 682 (Second Edition)

**SHORT TITLE:** Public Health Authority Set-Off Debt Collect.

**SPONSOR(S):** Senator Holloman

	<b>FISCAL IMPACT</b>				
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>
<b>REVENUES:</b>					
Dept. of Revenue		<b><u>* See Assumptions and Methodology *</u></b>			
Public Health Authorities		<b><u>* See Assumptions and Methodology *</u></b>			
Sewerage Districts		<b><u>* See Assumptions and Methodology *</u></b>			
Sanitary Districts		<b><u>* See Assumptions and Methodology *</u></b>			
Debt Setoff Clearinghouse		<b><u>* See Assumptions and Methodology *</u></b>			
<b>EXPENDITURES:</b>					
Dept. of Revenue		<b><u>* See Assumptions and Methodology *</u></b>			
Debt Setoff Clearinghouse		<b><u>* See Assumptions and Methodology *</u></b>			
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> NC Department of Revenue and Public Health Authorities, Metropolitan Sewerage Districts and Sanitary Districts.					
<b>EFFECTIVE DATE:</b> January 1, 2006					

**BILL SUMMARY:**

This bill would allow public health authorities, metropolitan sewerage districts, and sanitary districts to participate under the Setoff Debt Collection Act in the same manner as counties and cities. Like counties and cities, these agencies would be authorized to submit their debts for collection by setoff through a local clearinghouse only after providing the debtor with notice, an opportunity to be heard before the authority, and an appeal process pursuant to the Administrative Procedure Act. The bill would become effective January 1, 2006, and apply to income tax refunds determined on or after that date.

**ASSUMPTIONS AND METHODOLOGY:** This legislation adds public health authorities, metropolitan sewerage districts and sanitary districts to the Setoff Debt Collection Act, under which the Department of Revenue diverts part or all of an individual's income tax refund to pay a debt the individual owes to a State or local agency. Thus, the debt the individual owes the agency is set off against the individual's income tax refund. Before January 1, 2001, the setoff program was open only to State agencies. Now, counties and municipalities participate through a clearinghouse administered by the NC Association of County Commissioners and the NC League of Municipalities to limit the administrative burden on the Department of Revenue.

For each debt collected through the clearinghouse, a \$15 fee will be assessed to cover the costs incurred by the clearinghouse, and a separate fee of \$5 will be assessed to cover the cost of the Department of Revenue. Therefore, there is no negative fiscal impact associated with this legislation.

**SOURCES OF DATA:** NC Department of Revenue

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** June 13, 2005

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