GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2001

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SENATE BILL 353 Finance Committee Substitute Adopted 3/15/01

Short Title:	DOR Debt Collection Changes-AB.	(Public)
Sponsors:		
Referred to:		

March 6, 2001

1 A BILL TO BE ENTITLED

AN ACT TO PROVIDE A PERMANENT MECHANISM FOR THE COLLECTION OF TAX DEBTS AND TO MODIFY THE FEE FOR FEDERAL SETOFF OF STATE TAX DEBTS.

5 The General Assembly of North Carolina enacts:

SECTION 1. Section 5(a) of S.L. 1999-341, as amended by Section 16 of S.L. 2000-120, is codified as G.S. 105-243.1 and reads as rewritten:

"§ 105-243.1. Contract to collect delinquent debts.

The Secretary of Revenue shall may contract during the 1999-2001 fiscal biennium for the collection of delinquent tax debts owed by nonresidents and foreign entities. debts. A delinquent tax debt is the amount of tax due as stated in a final notice of assessment issued to the taxpayer when the taxpayer no longer has the right to contest the debt. To implement this section, the Secretary may draw funds for the 1999-2000 fiscal year from net collections that would otherwise be credited to the General Fund under G.S. 105-269.14, enacted by Section 2 of this act. For the 2000-2001 fiscal year, the Secretary may retain the costs of implementing this section from the amounts collected pursuant to the contracts authorized by this section.

To recover the costs incurred by the Department in collecting debts under this section, a collection assistance fee is imposed on each debt collected under this section. This fee is collectible as part of the debt. The amount of the collection assistance fee is the amount the contractor charges the Department for its services. Before the Department submits a delinquent tax debt to a contractor for collection, the Department must notify the taxpayer the debt will be submitted for collection if payment is not received. The Secretary of Revenue shall report annually to the Revenue Laws Study Committee on its collections pursuant to this contract during the biennium. section."

SECTION 2. To recover the initial costs associated with collecting delinquent tax debts under G.S. 105-243.1, the Department of Revenue may withhold from collections under that statute the costs of modifying the Department's database to conform to the requirements of the contractor.

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SECTION 3. Section 6 of S.L. 1999-341, as amended by Section 17 of S.L. 2000-120, reads as rewritten:

"Section 6. The Department of Revenue shall conduct a study to identify and evaluate proposals for more efficient collection of taxes, including using electronic commerce and other technology to increase efficiency. The study shall include an analysis of the most efficient tax collection methods used in other states. The State Controller shall cooperate with the Department of Revenue in this study. The Department shall report the results of its study, including findings, recommendations, and estimated revenue gains of each recommendation, to the Revenue Laws Study Committee by May 1, 2000. To implement this section, the Secretary of Revenue may draw up to fifty thousand dollars (\$50,000) for the 1999-2000 fiscal year from net collections that would otherwise be credited to the General Fund under G.S. 105-269.14, enacted by Section 2 of this act. To implement the recommendations of this study, the Secretary may enter into a performance-based contract and may withhold from the revenue collected pursuant to Section 5 of this act collections under Article 4 of Chapter 105 of the General Statutes in the 2001-2003 fiscal biennium the amount needed to obtain assistance in developing a request for proposal for the performance-based contract."

SECTION 4. G.S. 105A-13(b) reads as rewritten:

"(b) Federal Setoff. – A collection assistance fee of fifteen dollars (\$15.00) applies to a setoff made by the United States Department of the Treasury to recover tax owed to North Carolina. The amount of the fee is the amount the United States Department of the Treasury charges for setoff plus five dollars (\$5.00) to cover administrative costs of the Department of Revenue. The Department of Revenue must add the fee to the amount of the tax liability submitted to the United States Department of the Treasury for setoff. The Department of Revenue must collect the fee as part of the debt and retain it. If a federal setoff covers only part of the tax due, the collection assistance fee has priority over the tax due."

SECTION 5. This act becomes effective July 1, 2001.