



COMMONWEALTH of VIRGINIA

Department of Taxation

October 1, 2012

TO: The Honorable Robert F. McDonnell
Governor of Virginia

THROUGH: The Honorable Richard D. Brown
Secretary of Finance

FROM: Craig M. Burns
Tax Commissioner

A handwritten signature in black ink, appearing to read 'Craig M. Burns', written over the printed name of the Tax Commissioner.

SUBJECT: Setoff Debt Collection Program Costs

Pursuant to §58.1-531 of the *Code of Virginia*, I am reporting the administrative cost of the Setoff Debt Collection Program for fiscal year 2012. The Setoff Debt Collection Program allows state and local government agencies to offset certain debts against individual tax refunds and lottery prize winnings.

During fiscal year 2012, 293,985 individual claims totaling \$53,707,799 were paid at an estimated cost of \$267,130. A detailed report of costs incurred to support the Program is attached. The average cost per claim was \$0.90. The average claim was \$182.68.

The Setoff Debt Collection program continues to be a cost effective and efficient means of collecting delinquent state and local revenues. Please contact me if additional information is required or desired.

Attachment

c: The Honorable Harry R. Purkey
Chairman, House Finance Committee

The Honorable Lacey E. Putney
Chairman, House Appropriations Committee

The Honorable Walter A. Stosch
Chairman, Senate Finance Committee

FY12

Debt Setoff - Administrative Costs Detail

Individual

I. Labor Costs

Salaries & Wages - Setoff	\$	59,800
Computer Operations	\$	698
Systems Administration - Labor	\$	10,666
IT Security-Labor	\$	45,833
Accounting	\$	27,476
FICA	\$	2,102
Benefits	\$	8,792
Subtotal - Labor	\$	155,367

II Telephone Costs

Telephone	\$	100
Subtotal-Telephone	\$	100

III. Equipment Costs

Maintenance	\$	111,663
Subtotal - Equipment Costs	\$	111,663

Total All Costs

\$ 267,130

IV. Program Results

Total Individual Funds Finalized & Paid	\$	53,031,813
Total Individual Claims Finalized & Paid		291,964
Individual Lottery Funds Finalized & Paid	\$	675,986
Individual Lottery Claims Finalized & Paid		2,021
Total Individual Debt Set-Off Funds Finalized & Paid	\$	53,707,799
Total Individual Debt Set-Off Claims Finalized & Paid		\$293,985