



COMMONWEALTH of VIRGINIA

Department of Taxation

October 1, 2015

TO: The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Walter A. Stosch
Co-Chairman, Senate Finance Committee

The Honorable Charles J. Colgan
Co-Chairman, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

The Honorable R. Lee Ware, Jr.
Chairman, House Finance Committee

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 2015. 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 2015, 314,712 individual claims totaling \$60,457,014 were paid at an estimated cost of \$817,354. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$2.60. The average claim was \$192.10.

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.

Respectfully,

A handwritten signature in black ink, appearing to read "Craig M. Burns".

Craig M. Burns
Tax Commissioner

Cc: The Honorable Richard D. Brown, Secretary of Finance

Attachment

FY2015

Debt Setoff - Administrative Costs Detail

I. Labor Costs

Compliance	\$	58,389
IT, Security and Administration	\$	172,000
Subtotal - Labor	\$	230,389

II. System, Infrastructure and Telephone Cos

System and Infrastructure Costs	\$	16,457
Telephone	\$	432
Subtotal - System and Infrastructure Costs	\$	16,889

III. Letter and Postage Costs

Letters	\$	299,849
Postage	\$	270,227
Subtotal-Postage Costs	\$	570,076

Total All Costs \$ 817,354

IV. Program Results

Total Individual Funds Finalized & Paid	\$	59,513,231
Total Individual Claims Finalized & Paid		312,262
Individual Lottery Funds Finalized & Paid	\$	943,783
Individual Lottery Claims Finalized & Paid		2,450
Total Individual Debt Set-Off Funds Finalized & Paid	\$	60,457,014
Total Individual Debt Set-Off Claims Finalized & Paid		314,712