



COMMONWEALTH of VIRGINIA

Department of Taxation

October 1, 2016

To: The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee

The Honorable Thomas K. Norment, Jr.
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 2016. 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 2016, 326,599 individual claims totaling \$63,374,538 were paid at an estimated cost of \$919,449. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$2.82. The average claim was \$194.04.

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 of desired.

Sincerely,

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

Craig M. Burns
Tax Commissioner

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

Attachment

FY 2016
Debt Setoff – Administration Costs Detail

I. Labor Costs

Compliance	\$ 63,255
Customer Service Contact Center	\$ 17,258
IT, Security and Administration	\$ 189,200
Subtotal – Labor	\$ 269,713

II. System, Infrastructure and Telephone Costs

System and Infrastructure Costs	\$ 18,103
Telephone	\$ 454
Subtotal – System and Infrastructure Costs	\$ 18,557

III. Letter and Postage Costs

Letters	\$ 322,265
Postage	\$ 308,914
Subtotal – Postage Costs	\$ 631,179
Total All Costs	\$ 919,449

IV. Program Results

Total Individual Funds Finalized & Paid	\$62,352,788
Total Individual Claims Finalized & Paid	324,122
Individual Lottery Funds Finalized & Paid	\$ 1,021,750
Individual Lottery Claims Finalized & Paid	2,477
Total Individual Debt Set-Off Funds Finalized & Paid	\$63,374,538
Total Individual Debt Set-Off Claims Finalized & Paid	326,599