



# COMMONWEALTH of VIRGINIA

## Department of Taxation

October 3, 2017

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 2017. 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 2017, 320,665 individual claims totaling \$63,345,511 were paid at an estimated cost of \$807,043. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$2.52. The average claim was \$197.54.

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 that reads "Craig M. Burns".

Craig M. Burns  
Tax Commissioner

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

Attachment



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### FY 2017 Debt Setoff – Administration Costs Detail

#### I. Labor Costs

Compliance	\$ 68,905
Customer Service Contact Center	\$ 18,858
IT, Security and Administration	\$ 172,500
Subtotal – Labor	\$ 260,263

#### II. System, Infrastructure and Telephone Costs

System and Infrastructure Costs	\$ 219,400
Telephone	\$ 1,472
Subtotal – System and Infrastructure Costs	\$ 220,872

#### III. Letter and Postage Costs

Letters	\$ 21,750
Postage	\$ 304,158
Subtotal – Postage Costs	\$ 325,908

**Total All Costs** \$ 807,043

#### IV. Program Results

Total Individual Funds Finalized & Paid	\$62,137,472
Total Individual Claims Finalized & Paid	317,639
Individual Lottery Funds Finalized & Paid	\$ 1,208,039
Individual Lottery Claims Finalized & Paid	3,026
Total Individual Debt Set-Off Funds Finalized & Paid	\$63,345,511
Total Individual Debt Set-Off Claims Finalized & Paid	320,665