



COMMONWEALTH of VIRGINIA

Department of Taxation

September 28, 2018

To: The Honorable Ralph S. Northam
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 2018. 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 2018, 334,189 individual claims totaling \$68,144,761 were paid at an estimated cost of \$1,000,362. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$2.99. The average claim was \$203.91.

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 there are questions or additional information is required.

Sincerely,

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

Craig M. Burns
Tax Commissioner

C: The Honorable Aubrey L. Layne, Jr., Secretary of Finance

Attachment

**FY 2018
Debt Setoff – Administration Costs Detail**

I.	<u>Personnel Costs</u>	
	Compliance	\$ 69,433
	Delinquent Collection Unit Recertification, Mail Services and Customer Support IT, Security and Administration	\$ 28,188 \$ 172,500
	Subtotal – Personnel Costs	\$ 270,121
II.	<u>System, Infrastructure and Telephone Costs</u>	
	System and Infrastructure Costs	\$ 403,200
	Telephone	\$ 1,472
	Subtotal – System and Infrastructure Costs	\$ 404,672
III.	<u>Letter and Postage Costs</u>	
	Letters	\$ 20,124
	Postage	\$ 305,445
	Subtotal – Postage Costs	\$ 325,569
	Total All Costs	\$ 1,000,362
IV.	<u>Program Results</u>	
	Total Individual Funds Finalized & Paid	\$67,051,414
	Total Individual Claims Finalized & Paid	331,607
	Individual Lottery Funds Finalized & Paid	\$ 1,093,347
	Individual Lottery Claims Finalized & Paid	2,582
	Total Individual Debt Set-Off Funds Finalized & Paid	\$68,144,761
	Total Individual Debt Set-Off Claims Finalized & Paid	334,189