



# COMMONWEALTH of VIRGINIA

## Department of Taxation

October 1, 2019

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 2019. 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 2019, 303,927 individual claims totaling \$59,649,789 were paid at an estimated cost of \$895,522. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$2.95. The average claim was \$196.26.

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 2019**  
**Debt Setoff – Administration Costs Detail**

**I. Personnel Costs**

Compliance	\$ 70,226
Delinquent Collection Unit Recertification,	\$ 13,692
Mail Services and Customer Support	\$ 14,388
IT, Security and Administration	\$ 189,750
 Subtotal – Personnel Costs	 \$ 288,056

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

System and Infrastructure Costs	\$ 302,400
Telephone	\$ 1,472
 Subtotal – System and Infrastructure Costs	 \$ 303,872

**III. Letter and Postage Costs**

Letters	\$ 18,766
Postage	\$ 284,828
 Subtotal – Postage Costs	 \$ 303,594
 Total All Costs	 \$ 895,522

**IV. Program Results**

Total Individual Funds Finalized & Paid	\$58,303,052
Total Individual Claims Finalized & Paid	300,843
 Individual Lottery Funds Finalized & Paid	 \$ 1,346,737
Individual Lottery Claims Finalized & Paid	3,084
 Total Individual Debt Set-Off Funds Finalized & Paid	 \$59,649,789
Total Individual Debt Set-Off Claims Finalized & Paid	303,927

<b>Debt Set-Off Reports</b>							
<b>Year</b>	<b>Individual Claims (\$)</b>	<b>Individual Claims (#)</b>	<b>Costs</b>	<b>Average Claim</b>	<b>Average Cost per Claim</b>		
FY19	\$59,649,789	303,927	\$895,522	\$196.26	\$2.95		
FY18	\$68,144,761	334,189	\$1,000,362	\$203.91	\$2.99		
FY17	\$63,345,511	320,655	\$807,043	\$197.54	\$2.52		
FY16	\$63,374,538	326,599	\$919,449	\$194.04	\$2.82		
FY15	\$60,457,014	314,712	\$817,354	\$192.10	\$2.60		