



COMMONWEALTH of VIRGINIA

Department of Taxation

October 1, 2025

TO: The Honorable Glenn Youngkin
 Governor of Virginia

 The Honorable Stephen E. Cummings
 Secretary of Finance

 The Honorable L. Louise Lucas
 Chairwoman, Senate Finance and Appropriations Committee

 The Honorable Vivian E. Watts
 Chairwoman, House Finance Committee

 The Honorable Richard C. Sullivan
 Vice Chair, House Finance Committee

FROM: James J. Alex 
 Tax Commissioner

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 2025. 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 2025, 320,434 individual claims totaling \$75,579,983 were paid at an estimated cost of \$1,124,219. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$3.51. The average claim was \$236.

The Setoff Debt Collection Program continues to be an efficient means of collecting delinquent state and local revenues. Please contact me if there are questions or additional information is required.

FY 2025
Debt Setoff – Administration Costs Detail

I. Personnel Costs

Compliance	\$ 182,019
Delinquent Collection Unit Recertification	\$ 0.0
Mail Services and Customer Support	\$ 79,973
IT, Security, and Administration	\$ 261,318
Subtotal – Personnel Costs	\$ 523,310

II. System, Infrastructure and Telephone Costs

System and Infrastructure Costs	\$ 119,021
Telephone	\$ 1,700
Subtotal – System and Infrastructure Costs	\$ 120,721

III. Letter and Postage Costs

Letters	\$ 28,077
Postage	\$ 452,111
Subtotal – Postage Costs	\$ 480,188

Total All Costs	\$ 1,124,219
------------------------	-----------------------

IV. Program Results

Total Individual Funds Finalized & Paid	\$ 71,410,036
Total Individual Claims Finalized & Paid	300,678
Individual Lottery Funds Finalized & Paid	\$ 4,169,946
Individual Lottery Claims Finalized & Paid	19,756
Total Individual Debt Set-Off Funds Finalized & Paid	\$ 75,579,983
Total Individual Debt Set-Off Claims Finalized & Paid	320,434