



COMMONWEALTH of VIRGINIA

Department of Taxation

October 1, 2026

The Honorable Abigail D. Spanberger
Governor of Virginia
P.O. Box 1475
Richmond, VA 23218

The Honorable L. Louise Lucas
Chairwoman, Senate Finance Committee
P.O. Box 700
Portsmouth, VA 23075

The Honorable Luke E. Torian
Chairman, House Appropriations Committee
4222 Fortuna Plaza, Suite 659
Dumfries, VA 22025

The Honorable Vivian E. Watts
Chairwoman, Senate Finance Committee
8717 Mary Lee Lane
Annandale, VA 22003

Dear Governor Spanberger, Chair Lucas, Chair Torian, and Chair Watts,

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 2026. The Setoff Debt Collection Program allows state and local government agencies to offset certain debts against Virginia individual income tax refunds and lottery prize winnings.

During Fiscal Year 2026, 479,781 individual claims totaling \$92,788,678 were paid at an estimated cost of \$1,393,711. A detailed report of costs incurred to support the Setoff Debt Collection Program is attached. The average cost per claim was \$2.90. The average claim was \$193.

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.

Sincerely,

A handwritten signature in black ink that reads "Kristin L. Collins".

Kristin L. Collins
Tax Commissioner

C: The Honorable Mark D. Sickles, Secretary of Finance

FY 2026
Debt Setoff – Administration Costs Detail

I. Personnel Costs

Compliance	\$ 115,963
Mail Services and Customer Support	\$ 95,805
IT, Security, and Administration	\$ 261,318
Subtotal – Personnel Costs	\$ 473,086

II. System, Infrastructure and Telephone Costs

System and Infrastructure Costs	\$ 124,972
Telephone	\$ 1,785
Subtotal – System and Infrastructure Costs	\$ 126,757

III. Letter and Postage Costs

Letters	\$ 47,824
Postage	\$ 746,045
Subtotal – Postage Costs	\$ 793,868

Total Costs	\$ 1,393,711
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IV. Program Results

Total Individual Funds Finalized & Paid	\$ 88,161,395
Total Individual Claims Finalized & Paid	458,434
Total Lottery Claims Finalized & Paid	\$ 4,627,283
Total Lottery Claims Finalized & Paid	21,347
Total Individual Debt Set-Off Funds Finalized & Paid	\$ 92,788,678
Total Individual Debt Set-Off Claims Finalized & Paid	479,781