

SENATE, No. 1989

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED JUNE 26, 2006

Sponsored by:

Senator WAYNE R. BRYANT

District 5 (Camden and Gloucester)

Assemblyman GARY S. SCHAER

District 36 (Bergen, Essex and Passaic)

SYNOPSIS

Authorizes the State Treasurer to enter a reciprocal debt collection agreement with the federal government, enables the implementation of the agreement, and the sharing of certain State taxpayer information with the U.S. Treasury thereunder.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 7/10/2006)

1 **AN ACT** authorizing the State Treasurer to enter a reciprocal debt
2 collection agreement with the federal government, enabling the
3 implementation of the agreement, supplementing Title 54 of the
4 Revised Statutes and amending R.S.54:50-9.

5
6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*

8
9 1. (New section) The State Treasurer or the State Treasurer's
10 designee may enter into a reciprocal collection and offset of
11 indebtedness agreement with the federal government, pursuant to
12 which the State will offset from State tax refunds and from
13 payments otherwise due to vendors and contractors providing goods
14 or services to State departments, agencies or institutions, non-tax
15 debt owed to the federal government; and the federal government
16 will offset from federal payments to vendors, contractors and
17 taxpayers debt owed to the State of New Jersey.

18
19 2. (New section) As used in sections 2 through 6 of P.L.2006, c.
20 (C.) (pending before the Legislature as this bill):

21 “Federal official” means a unit or official of the federal
22 government charged with the collection of non-tax liabilities
23 payable to the federal government pursuant to 31 U.S.C. s.3716.

24 “Non-tax liability due the State” means a liability certified by
25 the State Treasurer and shall include but shall not be limited to
26 fines, fees, penalties and other non-tax assessments imposed by or
27 payable to an agency of the State of New Jersey that is finally
28 determined to be due and owing.

29 “Person” means an individual, partnership, society, association,
30 joint stock company, corporation, public corporation, or any public
31 authority, estate, receiver, trustee, assignee, referee, and any other
32 person acting in a fiduciary or representative capacity whether
33 appointed by a court or otherwise, and any combination of the
34 foregoing.

35 “Refund” means an amount described as a refund of tax under
36 the provisions of the State tax law that authorized its payment.

37 “Vendor payment” means any payment, other than a refund, made
38 by the State to any person or entity, and shall include but shall not
39 be limited to any expense reimbursement to an employee of the
40 State; but shall not include a person’s salary, wages, or pension.

41
42 3. (New section) a. A federal official may:

43 (1) Certify to the State Treasurer the existence of a person’s
44 delinquent non-tax liability owed by the person to the federal
45 government; and

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

- 1 (2) Request that the State Treasurer withhold any refund and
- 2 vendor payment to which the person is entitled.
- 3 b. A federal official may certify and request the State Treasurer
- 4 to withhold a refund or vendor payment only if the laws of the
- 5 United States:
- 6 (1) Allow the State Treasurer, on behalf of the State, to enter into
- 7 a reciprocal agreement with the United States, pursuant to which the
- 8 federal official would be authorized to offset federal payments to
- 9 collect delinquent tax and non-tax debts owed to the state; and
- 10 (2) Provide for the payment of the amount withheld to the State.
- 11 c. The Department of the Treasury may retain a portion of the
- 12 proceeds of any collection setoff as provided under agreement with
- 13 the federal official.
- 14
- 15 4. (New section) a. A certification by a federal official to the
- 16 State Treasurer shall include:
- 17 (1) the full name and address of the person and any other names
- 18 known to be used by the person;
- 19 (2) the social security number or federal tax identification
- 20 number;
- 21 (3) the amount of the non-tax liability; and
- 22 (4) a statement that the debt is past due and legally enforceable
- 23 in the amount certified.
- 24 b. The State Treasurer shall determine if a person for whom a
- 25 certification is received is due a refund of New Jersey tax or a
- 26 vendor payment.
- 27 c. The State Treasurer shall:
- 28 (1) withhold a refund or vendor payment that is due a person
- 29 whose name has been certified by a federal official;
- 30 (2) in accordance with the provisions of the offset agreement,
- 31 notify the person of the amount withheld in satisfaction of a liability
- 32 certified by a federal official;
- 33 (3) pay to the federal official the lesser of:
- 34 (a) the entire refund and/or vendor payment; or
- 35 (b) the amount certified; and
- 36 (4) pay any refund or vendor payment in excess of the certified
- 37 amount to the person.
- 38
- 39 5. (New section) The State Treasurer may:
- 40 a. certify to a federal official the existence of a person's
- 41 delinquent non-tax and tax liability owed by the person to the State
- 42 government;
- 43 b. request that the federal official withhold any vendor payment
- 44 to which the person is entitled; and
- 45 c. provide for the payment of the amount withheld to the State.
- 46
- 47 6. (New section) A certification by the State Treasurer to the
- 48 federal official shall include:

- 1 a. the full name and address of the person and any other names
- 2 known to be used by the person;
- 3 b. the social security number or tax identification number;
- 4 c. the amount of the tax or non-tax liability;
- 5 d. a statement that the debt is past due and legally enforceable in
- 6 the amount certified; and
- 7 e. any other information required by federal statute or regulation
- 8 applicable to the collection of the debt by offset of federal
- 9 payments.

10

11 7. R.S.54:50-9 is amended to read as follows:

12 54:50-9. a. The delivery to a taxpayer or the taxpayer's duly
13 authorized representative of a copy of any report or any other paper
14 filed by the taxpayer pursuant to the provisions of this subtitle or of
15 any such State tax law;

16 b. The publication of statistics so classified as to prevent the
17 identification of a particular report and the items thereof;

18 c. The director, in the director's discretion and subject to
19 reasonable conditions imposed by the director, from disclosing the
20 name and address of any licensee under any State tax law, unless
21 expressly prohibited by such State tax law;

22 d. The inspection by the Attorney General or other legal
23 representative of this State of the reports or files relating to the
24 claim of any taxpayer who shall bring an action to review or set
25 aside any tax imposed under any State tax law or against whom an
26 action or proceeding has been instituted in accordance with the
27 provisions thereof;

28 e. The examination of said records and files by the Comptroller,
29 State Auditor or State Commissioner of Finance, or by their
30 respective duly authorized agents;

31 f. The furnishing, at the discretion of the director, of any
32 information contained in tax reports or returns or any audit thereof
33 or the report of any investigation made with respect thereto, filed
34 pursuant to the tax laws, to the taxing officials of any other state,
35 the District of Columbia, the United States and the territories
36 thereof, providing said jurisdictions grant like privileges to this
37 State and providing such information is to be used for tax purposes
38 only;

39 g. The furnishing, at the discretion of the director, of any
40 material information disclosed by the records or files to any law
41 enforcing authority of this State who shall be charged with the
42 investigation or prosecution of any violation of the criminal
43 provisions of this subtitle or of any State tax law;

44 h. The furnishing by the director to the State agency responsible
45 for administering the Child Support Enforcement program pursuant
46 to Title IV-D of the federal Social Security Act, Pub. L.93-647 (42
47 U.S.C. s.51 et seq.), with the names, home addresses, social security
48 numbers and sources of income and assets of all absent parents who
49 are certified by that agency as being required to pay child support,

1 upon request by the State agency and pursuant to procedures and in
2 a form prescribed by the director;

3 i. The furnishing by the director to the Board of Public Utilities
4 any information contained in tax information statements, reports or
5 returns or any audit thereof or a report of any investigation made
6 with respect thereto, as may be necessary for the administration of
7 P.L.1991, c.184 (C.54:30A-18.6 et al.) and P.L.1997, c.162
8 (C.54:10A-3 et al.);

9 j. The furnishing by the director to the Director of the Division
10 of Alcoholic Beverage Control in the Department of Law and
11 Public Safety any information contained in tax information
12 statements, reports or returns or any audit thereof or a report of any
13 investigation made with respect thereto, as may be relevant, in the
14 discretion of the director, in any proceeding conducted for the
15 issuance, suspension or revocation of any license authorized
16 pursuant to Title 33 of the Revised Statutes;

17 k. The inspection by the Attorney General or other legal
18 representative of this State of the reports or files of any tobacco
19 product manufacturer, as defined in section 2 of P.L.1999, c.148
20 (C.52:4D-2), for any period in which that tobacco product
21 manufacturer was not or is not in compliance with subsection a. of
22 section 3 of P.L.1999, c.148 (C.52:4D-3), or of any licensed
23 distributor as defined in section 102 of P.L.1948, c.65 (C.54:40A-
24 2), for the purpose of facilitating the administration of the
25 provisions of P.L.1999, c.148 (C.52:4D-1 et seq.);

26 l. The furnishing, at the discretion of the director, of information
27 as to whether a contractor or subcontractor holds a valid business
28 registration as defined in section 1 of P.L.2001, c.134 (C.52:32-44);

29 m. The furnishing by the director to a State agency as defined in
30 section 1 of P.L.1995, c.158 (C.54:50-24) the names of licensees
31 subject to suspension for non-payment of State tax indebtedness
32 pursuant to P.L.2004, c.58 (C.54:50-26.1 et al.).

33 n. The release to the United States Department of Treasury,
34 Bureau of Financial Management Service, or its successor of
35 relevant taxpayer information for purposes of implementing a
36 reciprocal collection and offset of indebtedness agreement entered
37 into between the State of New Jersey and the federal government
38 pursuant to section 1 of P.L.2006, c. (C.) (pending before the
39 Legislature as this bill).

40

41 8. This act shall take effect immediately, provided however that
42 sections 2 through 6 shall remain inoperative until the State
43 Treasurer enters into the agreement authorized in section 1.

STATEMENT

3 This bill authorizes the State Treasurer to implement the terms of
4 a reciprocal debt collection agreement with the federal government.
5 The terms of the agreement will permit the State Treasury to relay
6 to the federal government evidence of debt owed to the State of
7 New Jersey for purposes of offset and collection of such debts by
8 the federal government, and, on a reciprocal basis, to offset and
9 collect debts owed to the federal government. The bill also allows
10 the release of certain relevant confidential State taxpayer
11 information to the United States Treasury for purposes of
12 implementing reciprocal offset of indebtedness agreement.