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LAW

P.L. 2008, CHAPTER 24, *approved June 30, 2008*  
Senate, No. 472 (*First Reprint*)

1 AN ACT centralizing non-tax debt management functions for State  
2 government in the Division of Revenue, and amending and  
3 supplementing P.L.2005, c.124.  
4

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

8 1. Section 1 of P.L.2005, c.124 (C.2A:16-11.1) is amended to  
9 read as follows:

10 1. a. In addition to any other remedy provided by law, where a  
11 debt is owed to a State department or agency, and the person who  
12 owes the debt has failed to comply within 30 days after service of  
13 any notice, demand or order directing payment of any amount found  
14 to be due, the Department of the Treasury, on behalf of the  
15 department or agency, may issue a certificate of debt to the Clerk of  
16 the Superior Court stating that the person identified in the  
17 certificate of debt is indebted to the State in such amount as shall be  
18 stated in the certificate of debt.

19 b. The certificate of debt shall reference the statute, regulation  
20 or other legal authority under which the indebtedness arises.  
21 Thereupon the clerk to whom such certificate of debt shall have  
22 been issued shall immediately enter upon the record of docketed  
23 judgments the name of such person or entity as debtor; the State as  
24 creditor; the address of such person or entity, if shown in the  
25 certificate of debt; a reference to the statute, regulation or other  
26 legal authority under which the debt arises; and the date of making  
27 such entries.

28 c. The docketing of the certificate of debt shall have the same  
29 force and effect as a civil judgment docketed in the Superior Court  
30 subject to the procedures for appeal as set forth in section 4 of P.L.  
31 2005, c. 124 (C.52:18-38). The docketing of the certificate of debt  
32 shall be without prejudice to the right of appeal to the Appellate  
33 Division of the Superior Court.

34 d. As used in this section **[and]**, in sections 2, 3, 4, 5, 6, and 8  
35 of P.L.2005, c.124 (C.52:18-36, C.52:18-37, C.52:18-38, C.52:14F-  
36 22, C.52:18-39 and C.52:14F-23), and in sections 3 and 4 of  
37 P.L. , c. (C. ) (pending before the Legislature as this bill):

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SBA committee amendments adopted January 28, 2008.

1 "Debt" means a fee, fine, cost, penalty or assessment that has  
2 been due and owing a State department or agency for **[120]** 90 days  
3 or more. "Debt" does not include inter-agency debts and debts  
4 associated with loans, notes, grants, and contracts.

5 e. As used in this amendatory and supplementary act, "State  
6 department or agency" does not include an independent authority or  
7 instrumentality that is independent of the operational and budgetary  
8 control of the department to which it is allocated.

9 (cf: P.L.2005, c.124, s.1)

10  
11 2. Section 2 of P.L.2005, c.124 (C.52:18-36) is amended to  
12 read as follows:

13 2. The Department of the Treasury shall have all the remedies  
14 and may take all of the proceedings for the collection **[thereof]** of  
15 debt, as defined pursuant to section 1 of P.L.2005, c.124 (C.2A:16-  
16 11.1), which may be had or taken upon the recovery of a judgment  
17 in an action, but without prejudice to any right of appeal. Upon  
18 entry by the clerk of the certificate of debt in the record of docketed  
19 judgments in accordance with section 1 of P.L.2005, c.124  
20 (C.2A:16-11.1), interest in the amount specified by the court rules  
21 for post-judgment interest shall accrue from the date of the  
22 docketing of the certificate of debt; however, payment of interest  
23 may be waived by the Treasurer or the Treasurer's designee.

24 (cf: P.L.2005, c.124, s.2)

25  
26 3. (New section) <sup>1</sup>a.<sup>1</sup> The Department of the Treasury shall  
27 promulgate regulations and procedures to effectively manage the  
28 collection of debt. The regulations and procedures shall include:  
29 the designation of the Division of Revenue in the Department of the  
30 Treasury as State government's centralized debt management  
31 agency; and a requirement that a State agency in the executive  
32 branch that is unable, within 90 days of the recording of the  
33 delinquency, to collect such a debt owed to the agency, shall  
34 transfer the delinquent account no later than at the end of the 91st  
35 day following the recording of the debt to the Division of Revenue,  
36 which shall manage the delinquent account on behalf of the  
37 transferring agency and credit to the appropriate account of the  
38 transferring agency any debt collected.

39 <sup>1</sup>b. In order to assist the Division of Revenue in its centralized  
40 debt management responsibilities, the chief administrative officer of  
41 each State department or agency, or their designee, within 45 days  
42 following the conclusion of each fiscal year, shall provide to the  
43 Director of the Division of Revenue in a format as the director shall  
44 determine, a certified report of the inventory for the fiscal year of  
45 the total debt owed to the department or agency so recorded on the  
46 department's or agency's records, debt owed to and collected by the  
47 department or agency, debt owed but not collected within 90 days

1 of recording of the delinquency, the amount of that delinquent debt  
2 not transferred to the division, and the amount of the debt  
3 determined to be owed to the department or agency during the last  
4 90 days of the fiscal year. <sup>1</sup>

5  
6 4. (New section) The Director of the Division of Revenue in  
7 the Department of the Treasury shall, within 90 days following the  
8 conclusion of each fiscal year, report to the Governor and, pursuant  
9 to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature on  
10 the division's debt management in the concluded fiscal year. In the  
11 report the director shall present for each State department or agency  
12 for which the division manages debt the cumulative amount of  
13 outstanding receivable balances at the end of the concluded fiscal  
14 year, the amount of new receivables balances transferred to the  
15 division's custody in the concluded fiscal year, the amount of  
16 receivable balances collected by the division in the concluded fiscal  
17 year, and the amount of receivable balances written off as  
18 uncollectible in the concluded fiscal year. In addition, the director  
19 shall list every State department or agency of whose noncompliance  
20 with the provisions of section 3 of P.L. , c. (C. ) (pending  
21 before the Legislature as this bill) the director is cognizant.

22  
23 5. This act shall take effect immediately.

24  
25  
26 \_\_\_\_\_  
27  
28 Centralizes non-tax debt management functions for State  
29 government in Division of Revenue.

# SENATE, No. 472

## STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

**Sponsored by:**

**Senator BARBARA BUONO**

**District 18 (Middlesex)**

**Senator KEVIN J. O'TOOLE**

**District 40 (Bergen, Essex and Passaic)**

**SYNOPSIS**

Centralizes non-tax debt management functions for State government in Division of Revenue.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel



**(Sponsorship Updated As Of: 1/29/2008)**

1 AN ACT centralizing non-tax debt management functions for State  
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15 department or agency, may issue a certificate of debt to the Clerk of  
16 the Superior Court stating that the person identified in the  
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40 or more. "Debt" does not include inter-agency debts and debts  
41 associated with loans, notes, grants, and contracts.

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44 instrumentality that is independent of the operational and budgetary

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Matter underlined thus is new matter.

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17 (cf: P.L.2005, c.124, s.2)

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19 3. (New section) The Department of the Treasury shall  
20 promulgate regulations and procedures to effectively manage the  
21 collection of debt. The regulations and procedures shall include:  
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23 Treasury as State government's centralized debt management  
24 agency; and a requirement that a State agency in the executive  
25 branch that is unable, within 90 days of the recording of the  
26 delinquency, to collect such a debt owed to the agency, shall  
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30 transferring agency and credit to the appropriate account of the  
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33 4. (New section) The Director of the Division of Revenue in  
34 the Department of the Treasury shall, within 90 days following the  
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38 report the director shall present for each State department or agency  
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43 receivable balances collected by the division in the concluded fiscal  
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45 uncollectible in the concluded fiscal year. In addition, the director  
46 shall list every State department or agency of whose noncompliance



1 with the provisions of section 3 of P.L. , c. (C. ) (pending  
2 before the Legislature as this bill) the director is cognizant.

3

4 5. This act shall take effect immediately.

5

6

7

STATEMENT

8

9 This bill centralizes the non-tax debt management functions for  
10 State government in the Division of Revenue in the Department of  
11 the Treasury. Specifically, the legislation mandates that every State  
12 agency in the executive branch transfer to the division every debt  
13 owed to the agency for 90 days and that the division report annually  
14 to the Legislature on its debt management.

15 Prior to 2005, every State agency could either avail itself of the  
16 collection services offered by the Division of Revenue or collect its  
17 own non-tax debt without central supervision. In 2005, the  
18 Treasury replaced the decentralized, uncoordinated practice with  
19 uniform Statewide non-tax debt collection policies and procedures  
20 that included the consolidation in the Division of Revenue of non-  
21 tax debt owed to the State for more than 90 days (see Office of  
22 Management and Budget Circular Letter 06-03, Statewide Non-Tax  
23 Debt Collection and Write-Off, and Reorganization Plan No. 004-  
24 2005).

25 Despite the Division of Revenue's significant efforts, the Office  
26 of the State Auditor found in its August 2007 report on the division  
27 that eight of 17 Executive branch departments were still not  
28 submitting receivables records to the division. This level of non-  
29 compliance with an important debt management directive indicates  
30 a need for legislative intervention. As the division has stated that  
31 its drive to consolidate non-tax debt was hampered by a lack of  
32 statutory authority, this bill now bestows clear statutory legitimacy  
33 onto the consolidation of non-tax debt management functions.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 472**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JANUARY 28, 2008

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 472 with committee amendments

Senate Bill No. 472, as amended by the committee, centralizes the non-tax debt management functions for State government in the Division of Revenue in the Department of the Treasury. Specifically, the legislation mandates that every State agency in the executive branch transfer to the division every debt owed to the agency for 90 days and that the division report annually to the Legislature on its debt management.

Prior to 2005, every State agency could either avail itself of the collection services offered by the Division of Revenue or collect its own non-tax debt without central supervision. In 2005, the Treasury replaced the decentralized, uncoordinated practice with uniform Statewide non-tax debt collection policies and procedures that included the consolidation in the Division of Revenue of non-tax debt owed to the State for more than 90 days (see Office of Management and Budget Circular Letter 06-03, Statewide Non-Tax Debt Collection and Write-Off, and Reorganization Plan No. 004-2005).

Despite the Division of Revenue's significant efforts, the Office of the State Auditor found in its August 2007 report on the division that eight of 17 Executive branch departments were still not submitting receivables records to the division. This level of non-compliance with an important debt management directive indicates a need for legislative intervention. As the division has stated that its drive to consolidate non-tax debt was hampered by a lack of statutory authority, this bill now bestows clear statutory legitimacy onto the consolidation of non-tax debt management functions.

This bill was prefiled for introduction in the 2007-2008 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

#### COMMITTEE AMENDMENTS:

The committee amendments require each State department or agency to annually report to the Director of the Division of Revenue

on the inventory of total debt owed to the department or agency for the fiscal year, the department or agency's effort to collect the debt and their compliance with the required turn over of delinquent debt to the Division of Revenue.

FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot quantify the bill's fiscal impact. The bill provides statutory authority for the consolidation of non-tax debt owed to the State for more than 90 days in the Division of Revenue, as mandated by an Office of Management and Budget circular letter. A fiscal impact may occur if the new statutory requirement prompts State agencies that have previously failed to comply with the OMB circular letter to transfer their non-tax debt to the Division of Revenue. An increase in such transfers may reduce the State's cost of administrating non-tax debt collection and improve its collection rate. However, a lack of information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts precludes the OLS from providing a quantitative estimate of the fiscal impact.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

**SENATE, No. 472**

## **STATE OF NEW JERSEY 213th LEGISLATURE**

DATED: MARCH 6, 2008

### **SUMMARY**

- Synopsis:** Centralizes non-tax debt management functions for State government in Division of Revenue.
- Type of Impact:** Potential Recurring Revenue Gain and Administrative Cost Reduction to the State General Fund.
- Agencies Affected:** Department of the Treasury;  
State agencies violating Office of Management and Budget Circular Letter 06-03, Statewide Non-Tax Debt Collections and Write-Off.

#### **Office of Legislative Services Estimate**

| <b>Fiscal Impact</b>                     | <b><u>Fiscal Year 2009</u></b>     | <b><u>Fiscal Year 2010</u></b> | <b><u>Fiscal Year 2011</u></b> |
|--|------------------------------------|--------------------------------|--------------------------------|
| <b>State Administrative Cost Savings</b> | Indeterminate - See comments below |                                |                                |
| <b>State Revenue Gain</b>                | Indeterminate - See comments below |                                |                                |

- The Office of Legislative Services (OLS) cannot quantify the bill's fiscal impact. A lack of information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts precludes a quantitative estimate.
- A fiscal impact may occur if the new statutory requirement prompts State agencies that have previously failed to comply with the Office of Management and Budget (OMB) circular letter to transfer their non-tax debt to the Division of Revenue.

### **BILL DESCRIPTION**

Senate Bill No. 472 (1R) of 2008 centralizes the non-tax debt management functions for State government in the Division of Revenue in the Department of the Treasury. Specifically, the legislation mandates that every State agency in the executive branch transfer to the division every debt owed to the agency for 90 days and that the division report annually to the Legislature on its debt management. In so doing, the bill codifies the consolidation in the division of non-tax

debt owed to the State for more than 90 days, as mandated by OMB Circular Letter 06-03, Statewide Non-Tax Debt Collections and Write-Off, which became effective July 11, 2005.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS cannot quantify the bill's fiscal impact. The bill provides statutory authority for the consolidation of non-tax debt owed to the State for more than 90 days in the Division of Revenue, as mandated by an OMB circular letter. A fiscal impact may occur if the new statutory requirement prompts State agencies that have previously failed to comply with the OMB circular letter to transfer their non-tax debt to the Division of Revenue. An increase in such transfers may reduce the State's cost of administering non-tax debt collection and improve its collection rate. However, a lack of information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts precludes the OLS from providing a quantitative estimate of the fiscal impact.

*Section: Revenue, Finance and Appropriations*  
*Analyst: Thomas Koenig*  
*Associate Fiscal Analyst*  
*Approved: David J. Rosen*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C. 52:13B-1 et seq.).

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

**SENATE, No. 472**

# **STATE OF NEW JERSEY**

DATED: MAY 22, 2008

The Assembly Appropriations Committee reports favorably Senate Bill No. 472 (1R).

The bill centralizes the non-tax debt management functions for State government in the Division of Revenue in the Department of the Treasury. Specifically, the legislation mandates that every State agency in the executive branch transfer to the division every debt owed to the agency for 90 days and that the division report annually to the Legislature on its debt management.

Prior to 2005, every State agency could either avail itself of the collection services offered by the Division of Revenue or collect its own non-tax debt without central supervision. In 2005, the Treasury replaced the decentralized, uncoordinated practice with uniform Statewide non-tax debt collection policies and procedures that included the consolidation in the Division of Revenue of non-tax debt owed to the State for more than 90 days (see Office of Management and Budget Circular Letter 06-03, Statewide Non-Tax Debt Collection and Write-Off, and Reorganization Plan No. 004-2005).

Despite the Division of Revenue's significant efforts, the Office of the State Auditor found in its August 2007 report on the division that eight of 17 Executive branch departments were still not submitting receivables records to the division. This level of non-compliance with an important debt management directive indicates a need for legislative intervention. As the division has stated that its drive to consolidate non-tax debt was hampered by a lack of statutory authority, this bill now bestows clear statutory legitimacy onto the consolidation of non-tax debt management functions.

Senate Bill No. 472 (1R) is identical to Assembly Bill No. 2236, as also reported by the committee.

### FISCAL IMPACT:

The Office of Legislative Services (OLS) cannot quantify the bill's fiscal impact. The bill provides statutory authority for the consolidation of non-tax debt owed to the State for more than 90 days in the Division of Revenue, as mandated by an Office of Management and Budget circular letter. A fiscal impact may occur if the new

statutory requirement prompts State agencies that have previously failed to comply with the OMB circular letter to transfer their non-tax debt to the Division of Revenue. An increase in such transfers may reduce the State's cost of administering non-tax debt collection and improve its collection rate. However, a lack of information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts precludes the OLS from providing a quantitative estimate of the fiscal impact.

# ASSEMBLY, No. 2236

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED FEBRUARY 25, 2008

**Sponsored by:**

**Assemblyman JOSEPH CRYAN**

**District 20 (Union)**

**Assemblywoman SANDRA LOVE**

**District 4 (Camden and Gloucester)**

**SYNOPSIS**

Centralizes non-tax debt management functions for State government in Division of Revenue.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 2/26/2008)**



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1       5. This act shall take effect immediately.

2

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STATEMENT

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6       This bill centralizes the non-tax debt management functions for  
7 State government in the Division of Revenue in the Department of  
8 the Treasury. Specifically, the legislation mandates that every State  
9 agency in the executive branch transfer to the division every debt  
10 owed to the agency for 90 days and that the division report annually  
11 to the Legislature on its debt management.

12       Prior to 2005, every State agency could either avail itself of the  
13 collection services offered by the Division of Revenue or collect its  
14 own non-tax debt without central supervision. In 2005, the  
15 Treasury replaced the decentralized, uncoordinated practice with  
16 uniform Statewide non-tax debt collection policies and procedures  
17 that included the consolidation in the Division of Revenue of non-  
18 tax debt owed to the State for more than 90 days (see Office of  
19 Management and Budget Circular Letter 06-03, Statewide Non-Tax  
20 Debt Collection and Write-Off, and Reorganization Plan No. 004-  
21 2005).

22       Despite the Division of Revenue's significant efforts, the Office  
23 of the State Auditor found in its August 2007 report on the division  
24 that eight of 17 Executive branch departments were still not  
25 submitting receivables records to the division. This level of non-  
26 compliance with an important debt management directive indicates  
27 a need for legislative intervention. As the division has stated that  
28 its drive to consolidate non-tax debt was hampered by a lack of  
29 statutory authority, this bill now bestows clear statutory legitimacy  
30 onto the consolidation of non-tax debt management functions.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 2236**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MAY 22, 2008

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2236, with committee amendments.

The bill, as amended, centralizes the non-tax debt management functions for State government in the Division of Revenue in the Department of the Treasury. Specifically, the legislation mandates that every State agency in the executive branch transfer to the division every debt owed to the agency for 90 days and that the division report annually to the Legislature on its debt management.

Prior to 2005, every State agency could either avail itself of the collection services offered by the Division of Revenue or collect its own non-tax debt without central supervision. In 2005, the Treasury replaced the decentralized, uncoordinated practice with uniform Statewide non-tax debt collection policies and procedures that included the consolidation in the Division of Revenue of non-tax debt owed to the State for more than 90 days (see Office of Management and Budget Circular Letter 06-03, Statewide Non-Tax Debt Collection and Write-Off, and Reorganization Plan No. 004-2005).

Despite the Division of Revenue's significant efforts, the Office of the State Auditor found in its August 2007 report on the division that eight of 17 Executive branch departments were still not submitting receivables records to the division. This level of non-compliance with an important debt management directive indicates a need for legislative intervention. As the division has stated that its drive to consolidate non-tax debt was hampered by a lack of statutory authority, this bill now bestows clear statutory legitimacy onto the consolidation of non-tax debt management functions.

This bill as amended and reported is identical to Senate Bill No. 472 (1R), as also reported by the committee.

#### COMMITTEE AMENDMENTS:

The committee amendments require each State department or agency to annually report to the Director of the Division of Revenue on the inventory of total debt owed to the department or agency for the fiscal year, the department or agency's effort to collect the debt and

their compliance with the required turn over of delinquent debt to the Division of Revenue.

**FISCAL IMPACT:**

The Office of Legislative Services (OLS) cannot quantify the bill's fiscal impact. The bill provides statutory authority for the consolidation of non-tax debt owed to the State for more than 90 days in the Division of Revenue, as mandated by an Office of Management and Budget circular letter. A fiscal impact may occur if the new statutory requirement prompts State agencies that have previously failed to comply with the OMB circular letter to transfer their non-tax debt to the Division of Revenue. An increase in such transfers may reduce the State's cost of administrating non-tax debt collection and improve its collection rate. However, a lack of information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts precludes the OLS from providing a quantitative estimate of the fiscal impact.

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 2236**  
**STATE OF NEW JERSEY**  
**213th LEGISLATURE**

DATED: MAY 28, 2008

**SUMMARY**

**Synopsis:** Centralizes non-tax debt management functions for State government in Division of Revenue.

**Type of Impact:** Potential Recurring Revenue Gain and Administrative Cost Reduction to the State General Fund.

**Agencies Affected:** Department of the Treasury;  
State agencies violating Office of Management and Budget Circular Letter 06-03, Statewide Non-Tax Debt Collections and Write-Off.

**Office of Legislative Services Estimate**

| <b>Fiscal Impact</b>                     | <b><u>Fiscal Year 2009</u></b>     | <b><u>Fiscal Year 2010</u></b> | <b><u>Fiscal Year 2011</u></b> |
|--|------------------------------------|--------------------------------|--------------------------------|
| <b>State Administrative Cost Savings</b> | Indeterminate – See comments below |                                |                                |
| <b>State Revenue Gain</b>                | Indeterminate – See comments below |                                |                                |

- The Office of Legislative Services (OLS) cannot gauge the bill's fiscal impact, which would accrue if the legislation caused State agencies that have previously failed to comply with Office of Management and Budget Circular Letter 06-03 to transfer their non-tax debt to the Division of Revenue. The OLS, however, anticipates the overall impact to be modest owing to the Department of Treasury's declaration in response to an OLS discussion point in the Fiscal Year 2008-2009 Department of the Treasury Budget Analysis that State agencies "are in substantial compliance with the centralized non-tax debt collection program". But a lack of specific information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts ultimately precludes the OLS from quantifying the bill's fiscal impact.

**BILL DESCRIPTION**

Assembly Bill No. 2236 of 2008 centralizes the non-tax debt management functions for State government in the Division of Revenue in the Department of the Treasury. Specifically, the legislation mandates that every State agency in the executive branch transfer to the division every debt owed to the agency for 90 days and that the division report annually to the Legislature on its debt management. In so doing, the bill codifies the consolidation in the division of non-tax debt owed to the State for more than 90 days, as mandated by Office of Management and Budget Circular Letter 06-03, Statewide Non-Tax Debt Collections and Write-Off, which became effective July 11, 2005.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

The Department of the Treasury has not submitted a formal estimate, but it has provided significant information on the management of non-tax debt in addressing an OLS discussion point in the Fiscal Year 2008-2009 Department of the Treasury Budget Analysis.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS cannot gauge the bill's fiscal impact on the State General Fund, which would accrue if the legislation caused State agencies that have previously failed to comply with Office of Management and Budget Circular Letter 06-03 to transfer their non-tax debt to the Division of Revenue. The OLS, however, anticipates the overall impact to be modest owing to the Department of Treasury's declaration in response to an OLS discussion point in the Fiscal Year 2008-2009 Department of the Treasury Budget Analysis that State agencies "are in substantial compliance with the centralized non-tax debt collection program". But a lack of specific information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts ultimately precludes the OLS from quantifying the bill's fiscal impact.

The legislation would confer statutory authority on the consolidation in the Division of Revenue of non-tax debt owed to the State for more than 90 days, as mandated since July 2005 by Office of Management and Budget Circular Letter 06-03, Statewide Non-Tax Debt Collections and Write-Off. In so doing, the bill would not affect the behavior of State agencies that are already adhering to the terms of the circular letter.

Instead, any fiscal impact would materialize if the bill prodded State agencies that have hitherto not complied with the circular letter into transferring their non-tax debt to the Division of Revenue. Any such change could potentially alter the State's cost of administering non-tax debt and its collection rate. But a lack of information on the scale of noncompliance, different agencies' debt collection costs, and the relative cost-effectiveness of their efforts precludes the OLS from quantifying those effects. It anticipates, however, that the overall impact would be modest based on the Department of Treasury affirming in its reply to an OLS discussion point in the Fiscal Year 2008-2009 Department of the Treasury Budget Analysis that State agencies "are in substantial compliance with the centralized non-tax debt collection program".

| <b>Cumulative Non-Tax Debt<br/>Managed by Division of Revenue<br/>(as of March 26, 2008)</b> |                      |
|--|----------------------|
| Office of the Public Defender  | \$285,136,210        |
| Corrections  | \$214,204,766        |
| Consumer Affairs   | \$53,715,867         |
| Parole Board   | \$41,291,334         |
| Law – Insurance Fund   | \$23,822,047         |
| Banking and Insurance  | \$17,009,105         |
| Environmental Protection   | \$15,249,531         |
| Community Affairs  | \$5,674,157          |
| Human Services   | \$5,376,227          |
| Transportation   | \$3,203,551          |
| Risk Management  | \$1,145,290          |
| State Lottery  | \$683,124            |
| Labor and Workforce Development  | \$602,478            |
| Casino Control   | \$579,145            |
| Military and Veterans' Affairs   | \$456,977            |
| <b>TOTAL</b>   | <b>\$668,149,809</b> |

The department stated further that the Division of Revenue administered \$668 million in non-tax debt owed to sundry State agencies as of March 26, 2008. This total excludes surcharge amounts owed to the Motor Vehicle Commission; debt relating to contracts, grants, and interagency receivables; uncollectible debt owed by incarcerated or institutionalized individuals; and amounts owed by debtors who are already on agency payment plans. The table on the

previous page lists, by State agency, the amount of non-tax debt administered by the division as of March 26, 2008. From 2000 through March 26, 2008, the division collected \$44.8 million of \$713 million in non-tax debt, or 6.3 percent.

*Section: Revenue, Finance and Appropriations*  
*Analyst: Thomas Koenig*  
*Associate Fiscal Analyst*  
*Approved: David J. Rosen*  
*Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).