

LEGISLATIVE HISTORY CHECKLIST
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(Tax delinquencies--allow Division
 of Taxation to contract with
 private debt collection agencies)

NJSA: 54:49-12.2

LAWS OF: 1992 CHAPTER: 172

BILL NO: A19

SPONSOR(S) Frelinghuysen and Farragher

DATE INTRODUCED: October 29, 1992

COMMITTEE: ASSEMBLY: Appropriations
 SENATE: ---

AMENDED DURING PASSAGE: Yes Amendments during passage
 denoted by asterisks

DATE OF PASSAGE: ASSEMBLY: November 30, 1992
 SENATE: December 7, 1992

DATE OF APPROVAL: December 8, 1992

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes
 SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

See newspaper clipping--attached:

"Vote set on tax collection bill," 12-7-92 Courier Post.

KBG:pp

[FIRST REPRINT]

ASSEMBLY, No. 19

STATE OF NEW JERSEY

INTRODUCED OCTOBER 29, 1992

By Assemblyman FRELINGHUYSEN
and Assemblywoman FARRAGHER

1 AN ACT regarding State tax collection procedures and
2 authorizing the use of collection agents, supplementing Title 54
3 of the Revised Statutes.

4

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

7 1. Notwithstanding any other provision of law, the director
8 may enter into agreements with one or more private persons,
9 companies, associations or corporations providing debt collection
10 services for the purpose of collecting past due taxes, interest,
11 additions to tax and penalties. Any such agreement shall contain
12 provisions prohibiting the use of unfair debt collection practices
13 by the provider of debt collection services, which provisions shall
14 include, without limitation, restrictions upon the conduct of the
15 provider of debt collection services substantially similar to those
16 contained in the "Fair Debt Collection Practices Act," 15 U.S.C.
17 §1692 et seq.

18 2. As part of any such agreement, the director may provide
19 that compensation for the debt collection services may be added
20 to the taxes, interest, additions to tax and penalties to be
21 collected from the tax debtor by the provider of debt collection
22 services. Any such agreement may authorize the provider of debt
23 collection services to adjust, compromise or abate the taxes,
24 interest, additions to tax and penalties, with the approval of the
25 director. Any such authorization shall be subject to the same
26 conditions and restrictions imposed upon the director by law, and
27 may be further limited or subject to standards imposed by the
28 director.

29 3. The provisions of subsection a. of R.S.54:50-8
30 notwithstanding, the director may provide such taxpayer
31 information as is necessary for the provider of debt collection
32 services to fulfill its obligations under the collection agreement,
33 provided that such disclosure is not contrary to the provisions of
34 subsection (a) of section 26 of the federal Internal Revenue Code
35 of 1986, 26 U.S.C. §6103. ¹Such persons, companies, associations
36 or corporations providing debt collection services, and their
37 employees, shall be specifically subject to the confidentiality
38 provisions of R.S.54:50-8.¹ The provider of debt collection
39 services shall furnish the director with the affidavit of each of its
40 principals and employees in which each such principal and
41 employee shall acknowledge receipt of a copy of the
42 confidentiality provisions of the State Tax Uniform Procedure

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:

¹ Assembly AAP committee amendments adopted November 16, 1992.

1 Law, R.S.54:48-1 et seq., understanding of the obligation to
2 maintain, and agreement to maintain, the confidentiality of
3 taxpayer information, and awareness that violation of the
4 confidentiality provisions is punishable by law.

5 4. The director is authorized to promulgate regulations and
6 take other necessary or useful measures for the purpose of
7 efficiently administering this section, securing the largest
8 possible recoveries for the State, ensuring the integrity of the
9 collection program and assuring fairness to taxpayers.

10 5. This act shall take effect immediately.

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15 _____
Authorizes use of collection agents for State taxes.

1 efficiently administering this section, securing the largest
2 possible recoveries for the State, ensuring the integrity of the
3 collection program and assuring fairness to taxpayers.

4 5. This act shall take effect immediately.

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STATEMENT

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9 This bill authorizes the use of collection agents by the
10 Department of the Treasury, Division of Taxation, for the
11 purpose of assisting the Division in the collection of delinquent
12 taxes.

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17 _____
Authorizes use of collection agents for State taxes.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 19

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: NOVEMBER 16, 1992

The Assembly Appropriations Committee reports favorably Assembly Bill No. 19, with committee amendments.

Assembly Bill No. 19, as amended, authorizes and enables the Division of Taxation in the Department of the Treasury to utilize the services of an outside collection agency to collect delinquent and deficient State taxes, both business and personal. It also provides specific safeguards that the collection agency must adhere to concerning the confidentiality of tax information and the collection agency's conduct required during the collection process. The agent is subject to the same penalties for failure to protect each confidentiality.

FISCAL IMPACT:

The Division has received additional funding in order to augment auditing procedures for increased tax collections. The use of a collection agency to supplement the Division's internal effort should result, according to the Division, in an estimated total of \$16 million in additional revenue. This information was noted in a publicity release and in testimony before this Committee on October 15, 1992. In further testimony by the Division on November 16, 1992, \$17.5 million was estimated as additional revenue.

COMMITTEE AMENDMENTS:

The Committee amended the bill to further clarify that the private collection agency and its employees are subject to the confidentiality provisions of the tax statutes.