

54:49-12.7

LEGISLATIVE HISTORY CHECKLIST

Compiled by the NJ State Law Library

LAWS OF: 2006 **CHAPTER:** 32

NJSA: 54:49-12.7 (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)

BILL NO: S1989 (Substituted for A4708)

SPONSOR(S) Bryant and Schaer

DATE INTRODUCED: June 26, 2006

COMMITTEE: **ASSEMBLY:**

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** July 8, 2006

SENATE: July 8, 2006

DATE OF APPROVAL: July 8, 2006

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Original version of bill enacted)

S1989

[SPONSOR'S STATEMENT](#): (Begins on page 6 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL NOTE: No

A4708

[SPONSOR'S STATEMENT](#): (Begins on page 6 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

RWH 2/29/08

P.L. 2006, CHAPTER 32, *approved July 8, 2006*
Senate, No. 1989

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

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

1 6. (New section) A certification by the State Treasurer to the
2 federal official shall include:

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

12
13 7. R.S.54:50-9 is amended to read as follows:

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

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

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

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

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

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

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

46 h. The furnishing by the director to the State agency responsible
47 for administering the Child Support Enforcement program pursuant
48 to Title IV-D of the federal Social Security Act, Pub. L.93-647 (42
49 U.S.C. s.51 et seq.), with the names, home addresses, social security

1 numbers and sources of income and assets of all absent parents who
2 are certified by that agency as being required to pay child support,
3 upon request by the State agency and pursuant to procedures and in
4 a form prescribed by the director;

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

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

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

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

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

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

42

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

STATEMENT

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

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.

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)

S1989 BRYANT

2

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:

S1989 BRYANT

- 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.

1
2
3
4
5
6
7
8
9
10
11
12

STATEMENT

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

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1989

STATE OF NEW JERSEY

DATED: JUNE 30, 2006

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1989.

Senate Bill No. 1989 authorizes the State Treasurer to implement the terms of a reciprocal debt collection agreement with the federal government. The terms of the agreement will permit the State Treasury to relay to the federal government evidence of tax and nontax debt owed to the State of New Jersey for purposes of offset and collection of such debts by the federal government, and, on a reciprocal basis, to offset and collect nontax debts owed to the federal government. The bill also allows the release of certain relevant confidential State taxpayer information to the United States Treasury for purposes of implementing reciprocal offset of indebtedness agreement.

This bill is identical to Assembly Bill No. 4708.

FISCAL IMPACT:

No information is available that would allow an estimate of the New Jersey debt recoveries that could be made from federal payments.

The Office of Legislative Services notes that, under an agreement, the Department of the Treasury may retain a portion of the proceeds of any federal collection as provided under the terms of the agreement.

ASSEMBLY, No. 4708

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JUNE 26, 2006

Sponsored by:

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.



A4708 SCHAER

2

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,
20 c. (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 the
25 State Treasurer and shall include but shall not be limited to fines,
26 fees, penalties and other non-tax assessments imposed by or payable
27 to an agency of the State of New Jersey that is finally determined to
28 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,
38 made by the State to any person or entity, and shall include but shall
39 not 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.

A4708 SCHAER

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

A4708 SCHAER

1 6. (New section) A certification by the State Treasurer to the
2 federal official shall include:

3 a. the full name and address of the person and any other names
4 known to be used by the person;

5 b. the social security number or tax identification number;

6 c. the amount of the tax or non-tax liability;

7 d. a statement that the debt is past due and legally enforceable
8 in the amount certified; and

9 e. any other information required by federal statute or
10 regulation applicable to the collection of the debt by offset of
11 federal payments.

12

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

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

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

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

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

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

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

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

46 h. The furnishing by the director to the State agency
47 responsible for administering the Child Support Enforcement
48 program pursuant to Title IV-D of the federal Social Security Act,

1 Pub. L.93-647 (42 U.S.C. s.51 et seq.), with the names, home
2 addresses, social security numbers and sources of income and assets
3 of all absent parents who are certified by that agency as being
4 required to pay child support, upon request by the State agency and
5 pursuant to procedures and in a form prescribed by the director;

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

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

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

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

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

37 n. The release to the United States Department of Treasury,
38 Bureau of Financial Management Service, or its successor of
39 relevant taxpayer information for purposes of implementing a
40 reciprocal collection and offset of indebtedness agreement entered
41 into between the State of New Jersey and the federal government
42 pursuant to section 1 of P.L.2006, c. (C.) (pending before the
43 Legislature as this bill).
44 (cf: P.L.2004, c.58, s.7)

45
46 8. This act shall take effect immediately, provided however
47 that sections 2 through 6 shall remain inoperative until the State
48 Treasurer enters into the agreement authorized in section 1.

1 STATEMENT

2
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.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4708

STATE OF NEW JERSEY

DATED: JUNE 28, 2006

The Assembly Budget Committee reports favorably Assembly Bill No. 4708.

Assembly Bill No. 4708 authorizes the State Treasurer to implement the terms of a reciprocal debt collection agreement with the federal government. The terms of the agreement will permit the State Treasury to relay to the federal government evidence of tax and nontax debt owed to the State of New Jersey for purposes of offset and collection of such debts by the federal government, and, on a reciprocal basis, to offset and collect nontax debts owed to the federal government. The bill also allows the release of certain relevant confidential State taxpayer information to the United States Treasury for purposes of implementing reciprocal offset of indebtedness agreement.

FISCAL IMPACT:

No information is available that would allow an estimate of the New Jersey debt recoveries that could be made from federal payments.

The Office of Legislative Services notes that, under an agreement, the Department of the Treasury may retain a portion of the proceeds of any federal collection as provided under the terms of the agreement.