

# 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)**

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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.

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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.

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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.

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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.

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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.

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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.

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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).

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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.

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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.