

Statement of Estimated Revenue Impact

Date: March 15, 2011

Bill Number: S.145

Author: Campsen

Committee Requesting Impact: Finance

Bill Summary

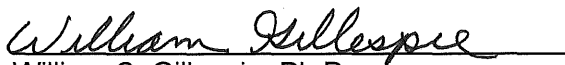
TO AMEND SECTION 12-4-580, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO AUTHORITY OF THE DEPARTMENT OF REVENUE TO CONTRACT TO COLLECT AN OUTSTANDING LIABILITY OWED TO A GOVERNMENTAL ENTITY, SO AS TO LIMIT THE DEPARTMENT'S WAGE GARNISHMENT POWERS TO COLLECTION OF AN OUTSTANDING TAX LIABILITY AND TO DEFINE "OUTSTANDING TAX LIABILITY OWED A GOVERNMENTAL ENTITY".

REVENUE IMPACT ^{1/}

This bill is expected to reduce state and local other fund revenue by \$5,400,000 during FY 2011-12.

Explanation

This bill limits the Department of Revenue's (DOR) power to garnishee the wages of a delinquent taxpayer for outstanding tax liability owed to state and local governmental agencies. Under the current §12-4-580, DOR can use its garnishment powers to collect any outstanding liability, tax or otherwise, owed to a governmental agency. In 2010 DOR reports that its Governmental Enterprise Accounts Receivable (GEAR) collections program as allowed pursuant to §12-4-580 collected \$5,369,584 for state and local governmental agencies from garnished wages. We expect that the GEAR program is a last resort for these state and local governmental agencies as the GEAR program's cost of collections are generally higher than the costs incurred under other collection activities such as the Setoff Debt Collection Act. We expect limiting DOR's wage garnishment powers to outstanding tax liabilities only could reduce state and local other fund revenue by \$5,400,000 during FY 2011-12.


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Analyst: Shuford

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact, or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.