



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #351

Tribal Refund Offset (General Fund Taxes -- Tax Administration)

Bill Agency

[LFB 2007-09 Budget Summary: Page 491, #9]

CURRENT LAW

Under current law, the Department of Revenue (DOR) is authorized to offset against state tax refunds amounts owed for state taxes, debts to state agencies, delinquent child and spousal support and maintenance payments, and municipal fines, fees, and forfeitures. The Department is allowed to enter into an agreement with the Internal Revenue Service (IRS) to offset state tax refunds against federal tax obligations, if the IRS offsets federal tax refunds against state tax obligations. Similarly, DOR can enter into agreements with other states to offset state tax refunds against the tax obligations of those states, if those states offset their tax refunds against Wisconsin tax obligations. In general, costs of the offset activities are funded by an administrative fee charged to the debtor.

GOVERNOR

Authorize DOR to enter into agreements with federally-recognized Indian tribes in Wisconsin to offset state tax refunds against tribal obligations and to charge a fee up to \$25 for each transaction for such setoffs. Any legal proceeding to contest a setoff could only commence under a process established by the tribe.

MODIFICATION

Modify the debt offset provision for federally-recognized Indian tribes to clarify that the fee charged to administer the program will be assessed against the debtor, and that debts owed to state agencies, local governments, and the IRS, will receive setoff funds before tribes.

Explanation: The tribal refund offset provision included in the bill does not specify that debtors are charged the administrative fee, or establish a priority for collecting tribal offsets. These modifications would have no fiscal effect.

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