



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
One Capitol Hill
Providence, R.I. 02908-5886

Memorandum

To: The Honorable Helio Melo
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Thomas A. Mullaney *Thomas A. Mullaney*
Executive Director/State Budget Officer

Date: May 27, 2011

Subject: Article 24, Section 9 Amendment – 11-H-5894
Relating to Department of Revenue

The Governor requests amendment to Article 24, Section 9 Relating to Department of Revenue in order to clarify language relating to the Department of Revenue acting as a debt collector on behalf of a government agency. Specifically, the new language affords the tax administrator all the rights and powers of the government agency on whose behalf it is acting, and it allows the right for set-off of debts already enumerated in existing tax law. The proposed amendment also indemnifies the tax administrator against actions that may arise from the collection or attempted collection of the outstanding debts owed to government agencies.

There are two copies of the amended article section attached to this letter. The first version highlights the changes from the Governor's original submission. In cases where we are striking previously proposed language, we show a double strike-out. Where we're proposing new language in addition to previously submitted, we show the change as a double-underline. All single underlined and single strike-out language that remains reflects our original submission. The second version is a clean version of the article including all proposed revisions.

If you have any questions or need any additional information concerning this article, please feel free to contact me at 222-6300.

TAM:sma 11-63

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Attachments

cc: Representative Brian Newberry
Senator Dennis L. Algiere
Sharon Reynolds Ferland
Peter Marino
Christine Hunsinger
Elizabeth Leach

REVISED

ARTICLE 24

SECTION 9

1 **SECTION 9.** Chapter 42-142 of the General Laws entitled "Department of Revenue" is hereby

2 amended by adding the following section:

3 **§44-142-6 Collections of debts.** (a) For the purpose of this section "Governmental entity" means the state
4 and a state agency, board, commission, department, public institution of higher learning, all political
5 subdivisions of the State, and quasi-state agency.

6 **(b) Any governmental entity may contract to allow the tax administrator to collect an outstanding**
7 **liability owed the governmental entity. In administering the provisions of those agreements, the tax**
8 **administrator shall have all the rights and powers of collection provided pursuant to title 44 for the**
9 **collection of taxes and all the rights and powers authorized the governmental entity to which the liability**
10 **is owed. In addition, the tax administrator shall have all of the rights and powers of collection provided**
11 **pursuant to title 44 for the collection of taxes including, but not limited to, the right to set-off debts**
12 **enumerated in § 44-30.1 against any amounts collected under the agreements. Subject to subordination to**
13 **any set-off for past-due child support, the tax administrator shall also have the right to set-off amounts**
14 **owed to the division of taxation against amounts collected under the agreements.**

15 **(c) The tax administrator may charge and retain a reasonable fee for a collection effort made on**
16 **behalf of a governmental entity. The amount of the fee must be negotiated between the governmental**
17 **entity and the tax administrator. The debtor must be given full credit toward the satisfaction of the debt**
18 **for the amount of the fee collected by the tax administrator pursuant to this section.**

1 (d) Governmental entities that contract with the tax administrator pursuant to this section shall
2 indemnify the tax administrator against injuries, actions, liabilities, or proceedings arising from the
3 collection or attempted collection by the tax administrator of the liability owed to the governmental entity.

4 (e) The governmental entity shall notify the debtor of its intention to submit the liability to the tax
5 administrator for collection and of the debtor's right to appeal not less than thirty days before the liability
6 is submitted to the tax administrator for collection.

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