

State of Louisiana
Department of Revenue

JOHN BEL EDWARDS
Governor



KEVIN J. RICHARD, CPA
Secretary

September 1, 2023

Via e-mail (return receipt requested) to:

The Honorable Clay Schexnayder
Speaker of the House
P.O. Box 94062
Baton Rouge, Louisiana 70804
apa.housespeaker@legis.la.gov

The Honorable Patrick Page Cortez
President of the Senate
P.O. Box 94183
Baton Rouge, Louisiana 70804
apa.senatepresident@legis.la.gov

The Honorable Stuart J. Bishop
Chairman of the House Committee on Ways and Means
P.O. Box 94062
Baton Rouge, Louisiana 70804
apa.h-wm@legis.la.gov

The Honorable R.L. "Bret" Allain, II
Chairman of the Senate Committee on Revenue & Fiscal Affairs
P.O. Box 94183
Baton Rouge, Louisiana 70804
apa.s-r&f@legis.la.gov

Re: Proposed LAC 61:III.3101 – Collection Fee

Gentlemen:

On July 10, 2023 a copy of the Notice of Intent for the above-referenced proposed rule was emailed to you for review. The purpose of this proposed rule is to establish that the Office of Debt Recovery will collect a fee equal to fifteen percent of the total liability of debt beginning January 1, 2024.

The Notice of Intent was published in the July 2023 issue of the *Louisiana Register*. A public hearing was held at the LaSalle Building on Monday, August 28, 2023. One interested party attended. (A copy of the sign-in sheet is included.) The interested party did not suggest any

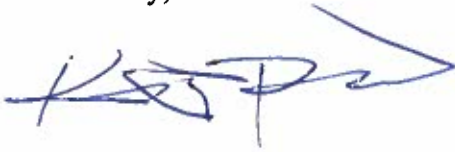
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revisions to the proposed rule. The deadline for submitting written comments was August 25, 2023. No written comments were received.

If you have any questions or need additional information, please contact Shanda J. McClain at (225) 219-2786.

Sincerely,

A handwritten signature in blue ink, appearing to read 'K. Richard', with a large, sweeping flourish extending to the right.

Kevin J. Richard, CPA
Secretary

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its intent to amend the contents of §313. Inmate Mail and Publications.

The Department of Public Safety and Corrections, Corrections Services proposes language prohibiting reception or possession of children's images by sex offender inmates if the sex offender inmate's victim was a minor, permitting a warden to make exceptions on a case-by-case basis as well as minor technical revisions.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There will be no effect on revenue collections of state or local governmental units as a result of the proposed rule change.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES OR NONGOVERNMENTAL GROUPS (Summary)

There is no estimated cost and/or economic benefit to directly affected persons or non-governmental groups.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no estimated effect on competition and employment as a result of the proposed rule change.

Thomas C. Bickham
Undersecretary
2307#016

Evan Brasseaux
Interim Deputy Fiscal Officer
Legislative Fiscal Office

NOTICE OF INTENT

**Department of Revenue
Policy Services Division**

**Collection Fee
(LAC 61:III.3101)**

Under the authority of R.S. 47:1511 and 1676, and in accordance with the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, gives notice that rulemaking procedures have been initiated to propose to adopt LAC 61:III.3101.

Louisiana Revised Statutes 47:1676(C)(2)(a) provides that agencies that do not have a collection contract with the Attorney General's Office for the collection of delinquent debts shall refer all final delinquent debt to the Office of Debt Recovery ("Office") for collection. Referring agencies must include data and information in the required format necessary to institute collection procedures. All delinquent debts shall be authenticated by the referring agency or officer prior to being referred to the office. Once the debt becomes final, and prior to referral to the office, the referring agency shall notify the debtor that failure to pay the debt in full within sixty days shall subject the debt to the office's collection fee. The office's collection fee is in addition to the collection fees already included in the delinquent debt by the referring agency. Louisiana Revised Statutes 47:1676(E) mandates that the office charge the debtor a fee not to exceed twenty-five percent of the total liability of the final debt. The fee is to become effective on January 1, 2024. Debtors whose final delinquent debt has been referred to the office on or after January 1, 2024 will be assessed a fee equal to fifteen percent of the final delinquent debt.

Title 61

REVENUE AND TAXATION

Part III. Administrative and Miscellaneous Provisions

Chapter 31. Office of Debt Recovery

§3101. Collection Fee

A. Pursuant to R.S. 47:1676(E), the Office of Debt Recovery shall charge a fee on debts referred to it for collection. The fee shall not exceed 25 percent of the total liability and is to be established by Rule.

B. A collection fee equal to 15 percent of the total liability of debt shall be due on all debts referred to the Office of Debt Recovery on or after January 1, 2024. This collection fee shall be retained by the Office of Debt Recovery and distributed in accordance with R.S. 47:1676(E).

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:1511 and R.S. 47:1676.

HISTORICAL NOTE: Promulgated by the Department of Revenue, Policy Services Division, LR 49

Family Impact Statement

The proposed adoption of this rule might have a slight positive impact on family as defined by R.S. 49:972(D) or on family formation, stability and autonomy as the additional collection fee will be limited to fifteen percent of the total liability of debt, which is less than the maximum twenty-five percent that is provided for in R.S. 47:1676(E). The proposed adoption should have no other known or foreseeable impact on:

1. the stability of the family.
2. the authority and rights of parents regarding the education and supervision of their children.
3. the functioning of the family.
4. family earnings and family budget.
5. the behavior and personal responsibility of children.
6. The ability of the family or a local government to perform this function.

Poverty Impact Statement

The proposed Rule has no known impact on poverty as described in R.S. 49:973.

Small Business Impact Analysis

The proposed Rule has no known or foreseeable measurable impact on small businesses as described in R.S. 49:974.4.

Provider Impact Statement

- The proposed Rule has no known or foreseeable effect on:
1. the staffing levels requirements or qualifications required to provide the same level of service.
 2. the total direct and indirect effect on the cost to the provider to provide the same level of service.
 3. the overall effect on the ability of the provider to provide the same level of service.

Public Comments

All interested persons may submit written data, views, arguments or comments regarding this proposed rule to Shanda J. McClain, Attorney, Policy Services Division, Office of Legal Affairs, P.O. Box 44098, Baton Rouge, LA 70804-4098. Written comments will be accepted until 4:30 p.m., August 25, 2023.

Public Hearing

A public hearing will be held on August 28, 2023 at 10 a.m. in the Calcasieu Room located on the 2nd floor of the LaSalle Building, 617 North Third Street, Baton Rouge, Louisiana.

Kevin J. Richard, CPA
Secretary

**FISCAL AND ECONOMIC IMPACT STATEMENT
FOR ADMINISTRATIVE RULES
RULE TITLE: Collection Fee**

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The proposed rule will increase state costs by approximately \$100,000 SGR in FY24 for IT related expenses. Current law provides that agencies that do not have a collection contract with the Attorney General’s Office shall refer all final delinquent debt to the Office of Debt Recovery (Office) for collection. To cover the costs of collection the statute mandates the assessment of a fee not to exceed 25percent of the final debt. The proposed rule establishes that the fee to be assessed will be 15percent of the final debt, which is a decrease from the current fee of 25percent. The agency currently has sufficient funds to implement the proposed rule.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Per the fiscal note on HB 422 of the 2023 Regular Session, the proposed rule is estimated to decrease revenue collections in the Office by an estimate of \$4 M in FY24 and continue to decrease self-generated funds in the subsequent fiscal years by an indeterminable amount. Because the Department of Revenue reverts excess self-generated revenues, the reduction in the fee from 25percent to 15percent is anticipated to decrease the amount of the state general fund in FY 24 by a corresponding amount. However, the Office intends to recover some of the

funds by increasing the base of collections by adding other agencies to those for whom debts are to be collected and offering new additional payment methods for debts, including the use of credit cards. This may mitigate a portion or all of the fee decrease.

During FY22, the Office collected \$53.4 million of debt owed to state agencies and local governments, which included self-generated revenue of \$9.9 million in fees. Changing the collection fee from 25percent to 15percent will result in a reduction in self-generated funds by an indeterminable amount. However, for illustration purposes, if the maximum fee in FY22 were reduced from 25percent to 15percent, self-generated funds would decrease from \$9.9 million to \$6.0 million. The amount of fees collected is dependent upon the amount of debts collected and this fluctuates with the existing economic impacts to the debtor. An estimate based on a flat growth is used for FY24 to arrive at a \$4 M reduction in self-generated revenues. The reduction in the amount of the fee will reduce the Office’s self-generated revenue, while still providing a sufficient amount for operation of the Office.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS, SMALL BUSINESSES OR NONGOVERNMENTAL GROUPS (Summary)

Persons indebted to state agencies and local governments will be directly affected by the proposed action. The final amount owed by referred debtors will decrease by a corresponding amount of the fee reduction.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no anticipated or foreseen impact on competition or employment.

Kevin J. Richard, CPA
Secretary
2307#047

Deborah Vivien
Chief Economist
Legislative Fiscal Office