

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1414**

**Bill Subtitle: TO AMEND ARKANSAS LAW CONCERNING THE ESTABLISHMENT OF A STATEWIDE INTEGRATED SYSTEM FOR THE ASSESSMENT AND COLLECTION OF FINES, PENALTIES, FEES, COSTS, AND RESTITUTION.**

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### **Basic Change :**

**Sponsors: Rep. Lundstrum and Sen. Irvin**

HB1414 amends § 16-13-710 to create a statewide integrated system to be developed by the Administrative Office of the Courts (AOC) to collectively manage the assessment, collection, payment, and reporting of fines, penalties, fees, costs, and restitution. The system will be utilized by all circuit courts, district courts, court clerks, law enforcement agencies and officials, and defendants. The system allows for collection of proceeds payable to a defendant from state income tax refunds, legal settlements, lottery winnings, and any moneys or property forfeited by the state.

Under current law, § 26-36-301 et seq., a circuit, county, or district court may setoff a debt against a person's income tax refund the amount of any money owed. The setoff process diverts an income tax refund owed to a taxpayer to the court that filed a setoff claim with the Department of Finance and Administration (DFA) against the taxpayer's refund.

### **Revenue Impact :**

None.

### **Taxpayer Impact :**

A taxpayer who owes fines, penalties, fees, costs, and restitution to the courts or law enforcement agencies may have money collected from state income tax refunds, legal settlements, or lottery winnings.

### **Resources Required :**

No additional resources would be required for DFA. It is unknown what additional resources would be required by AOC or Arkansas courts.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

None.

### **Other Comments :**

It does not appear that this bill adds any additional requirements on DFA. Most courts are set up as a claimant agency already within DFA's systems and many are already active in the setoff program with DFA Income Tax. The Association of Arkansas Counties also handles some of the smaller court's

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collections using the setoff program. The activity in setoff program may increase slightly because of the system development but would not require any changes to the current setoff process. No Arkansas Integrated Revenue System (AIRS) tax changes or interfaces would be required because of this bill.

### **Legal Analysis :**

HB1414 would benefit from an amendment at page 3 line 5 to add the phrase "as permitted by § 26-36-301 et seq." after "(i) State income tax refunds[.]" The addition of this phrase makes clear that HB141 is not creating a new mechanism for collection of court debts against income tax refunds.