

112TH CONGRESS  
1ST SESSION

# S. 755

To amend the Internal Revenue Code of 1986 to allow an offset against income tax refunds to pay for restitution and other State judicial debts that are past-due.

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## IN THE SENATE OF THE UNITED STATES

APRIL 7 (legislative day, APRIL 5), 2011

Mr. WYDEN (for himself, Mr. SESSIONS, Mrs. McCASKILL, Mr. THUNE, Mrs. BOXER, and Mr. GRAHAM) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to allow an offset against income tax refunds to pay for restitution and other State judicial debts that are past-due.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Crime Victim Restitu-  
5 tion and Court Fee Intercept Act”.

6 **SEC. 2. OFFSET OF RESTITUTION AND OTHER STATE JUDI-**  
7 **CIAL DEBTS AGAINST INCOME TAX REFUND.**

8 (a) IN GENERAL.—Section 6402 of the Internal Rev-  
9 enue Code of 1986 (relating to authority to make credits

1 or refunds) is amended by redesignating subsections (f)  
 2 through (l) as subsections (g) through (m), respectively,  
 3 and by inserting after subsection (f) the following:

4       “(g) COLLECTION OF PAST-DUE, LEGALLY EN-  
 5 FORCEABLE RESTITUTION AND OTHER STATE JUDICIAL  
 6 DEBTS.—

7               “(1) IN GENERAL.—In any State which wishes  
 8 to collect past-due, legally enforceable State judicial  
 9 debts, the chief justice of the State’s highest court  
 10 shall designate a single State entity to communicate  
 11 judicial debt information to the Secretary. In mak-  
 12 ing such designation, the chief justice of the State’s  
 13 highest court shall select, whenever practicable, a  
 14 relevant State official or agency responsible under  
 15 State law for collecting the State’s income tax or  
 16 other statewide excise at the time of the designation.  
 17 Upon receiving notice from a State designated entity  
 18 that a named person owes a past-due, legally en-  
 19 forceable State judicial debt to or in such State, the  
 20 Secretary shall, under such conditions as may be  
 21 prescribed by the Secretary—

22               “(A) reduce the amount of any overpay-  
 23 ment payable to such person by the amount of  
 24 such State judicial debt;

1           “(B) pay the amount by which such over-  
2           payment is reduced under subparagraph (A) to  
3           such State designated entity and notify such  
4           State designated entity of such person’s name,  
5           taxpayer identification number, address, and  
6           the amount collected; and

7           “(C) notify the person making such over-  
8           payment that the overpayment has been re-  
9           duced by an amount necessary to satisfy a past-  
10          due, legally enforceable State judicial debt.

11          If an offset is made pursuant to a joint return, the  
12          notice under subparagraph (B) shall include the  
13          names, taxpayer identification numbers, and ad-  
14          dresses of each person filing such return.

15          “(2) PRIORITIES FOR OFFSET.—Any overpay-  
16          ment by a person shall be reduced pursuant to this  
17          subsection—

18                 “(A) after such overpayment is reduced  
19                 pursuant to—

20                         “(i) subsection (a) with respect to any  
21                         liability for any internal revenue tax on the  
22                         part of the person who made the overpay-  
23                         ment;

24                         “(ii) subsection (c) with respect to  
25                         past-due support;

1           “(iii) subsection (d) with respect to  
2           any past-due, legally enforceable debt owed  
3           to a Federal agency; and

4           “(iv) subsection (e) with respect to  
5           any past-due, legally enforceable State in-  
6           come tax obligations; and

7           “(B) before such overpayment is credited  
8           to the future liability for any Federal internal  
9           revenue tax of such person pursuant to sub-  
10          section (b).

11          If the Secretary receives notice from 1 or more State  
12          designated entities of more than 1 debt subject to  
13          paragraph (1) that is owed by such person to such  
14          State agency or State judicial branch, any overpay-  
15          ment by such person shall be applied against such  
16          debts in the order in which such debts accrued.

17          “(3) NOTICE; CONSIDERATION OF EVIDENCE.—  
18          Rules similar to the rules of subsection (e)(4) shall  
19          apply with respect to debts under this subsection.

20          “(4) PAST-DUE, LEGALLY ENFORCEABLE STATE  
21          JUDICIAL DEBT.—

22          “(A) IN GENERAL.—For purposes of this  
23          subsection, the term ‘past-due, legally enforce-  
24          able State judicial debt’ means a debt—

1           “(i) which resulted from a judgment  
2           or sentence rendered by any court or tri-  
3           bunal of competent jurisdiction which—

4                   “(I) handles criminal or traffic  
5                   cases in the State; and

6                   “(II) has determined an amount  
7                   of State judicial debt to be due; and

8           “(ii) which resulted from a State judi-  
9           cial debt which has been assessed and is  
10          past-due but not collected.

11          “(B) STATE JUDICIAL DEBT.—For pur-  
12          poses of this paragraph, the term ‘State judicial  
13          debt’ includes court costs, fees, fines, assess-  
14          ments, restitution to victims of crime, and other  
15          monies resulting from a judgment or sentence  
16          rendered by any court or tribunal of competent  
17          jurisdiction handling criminal or traffic cases in  
18          the State.

19          “(5) REGULATIONS.—The Secretary shall issue  
20          regulations prescribing the time and manner in  
21          which State designated entities must submit notices  
22          of past-due, legally enforceable State judicial debts  
23          and the necessary information that must be con-  
24          tained in or accompany such notices. The regula-  
25          tions shall specify the types of State judicial monies

1 and the minimum amount of debt to which the re-  
2 duction procedure established by paragraph (1) may  
3 be applied. The regulations shall require State des-  
4 ignated entities to pay a fee to reimburse the Sec-  
5 retary for the cost of applying such procedure. Any  
6 fee paid to the Secretary pursuant to the preceding  
7 sentence shall be used to reimburse appropriations  
8 which bore all or part of the cost of applying such  
9 procedure.

10 “(6) ERRONEOUS PAYMENT TO STATE.—Any  
11 State designated entity receiving notice from the  
12 Secretary that an erroneous payment has been made  
13 to such State designated entity under paragraph (1)  
14 shall pay promptly to the Secretary, in accordance  
15 with such regulations as the Secretary may pre-  
16 scribe, an amount equal to the amount of such erro-  
17 neous payment (without regard to whether any other  
18 amounts payable to such State designated entity  
19 under such paragraph have been paid to such State  
20 designated entity).”.

21 (b) DISCLOSURE OF RETURN INFORMATION.—Sec-  
22 tion 6103(l)(10) of the Internal Revenue Code of 1986  
23 (relating to disclosure of certain information to agencies  
24 requesting a reduction under subsection (c), (d), (e), or  
25 (f) of section 6402) is amended by striking “or (f)” each

1 place it appears in the text and heading and inserting “(f),  
2 or (g)”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 6402(a) of the Internal Revenue  
5 Code of 1986 is amended by striking “and (f)” and  
6 inserting “(f), and (g)”.

7 (2) Paragraph (2) of section 6402(d) of such  
8 Code is amended by striking “subsections (e) and  
9 (f)” and inserting “subsections (e), (f), and (g)”.

10 (3) Paragraph (3)(B) of section 6402(e) of  
11 such Code is amended to read as follows:

12 “(B) before such overpayment is—

13 “(i) reduced pursuant to subsection  
14 (g) with respect to past-due, legally en-  
15 forceable State judicial debts, and

16 “(ii) credited to the future liability for  
17 any Federal internal revenue tax of such  
18 person pursuant to subsection (b).”.

19 (4) Section 6402(h) of such Code, as so redesi-  
20 gnated, is amended by striking “or (f)” and insert-  
21 ing “(f), or (g)”.

22 (5) Section 6402(j) of such Code, as so redesign-  
23 nated, is amended by striking “or (f)” and inserting  
24 “, (f), or (g)”.

1           (d) **EFFECTIVE DATE.**—The amendments made by  
2 this Act shall apply to refunds payable for taxable years  
3 beginning after December 31, 2010.

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