

State Impact

There would be no state or local government fiscal impact if the debtor always had the ability to pay the collection costs. However, when the state or local government is in a creditor position, the fee is paid whether it is collected or not. Based on prior experience with uncollected debt, it is estimated that the Tax Commission, the Department of Workforce Services and the Office of Debt Collection would require \$27,500 to cover the fee increases as provided in this bill. Local governments could also see increased costs.

Revenue could be generated, if an organization, including state or local governments, chooses to implement the \$10 processing fee. For the state, the funds would go to the Division of Finance to offset the processing and administrative costs.

| | <u>FY 2006</u> <u>Approp.</u> | <u>FY 2007</u> <u>Approp.</u> | <u>FY 2006</u> <u>Revenue</u> | <u>FY 2007</u> <u>Revenue</u> |
|-------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| General Fund | \$26,400 | \$26,400 | \$0 | \$0 |
| Fixed Collections | \$1,100 | \$1,600 | \$0 | \$0 |
| TOTAL | \$27,500 | \$28,000 | \$0 | \$0 |

Individual and Business Impact

This bill has two separate fiscal impacts. The individual who has his or her wages garnished will have to pay additional garnishment fees of \$15 more for a single garnishment or \$10 more for a continuing garnishment. If their employer implements the processing fee, they could pay an additional \$10 each pay period for processing.

The employer may be able to recover more of their garnishment processing fees. The amount will depend on the number of employees having their wages garnished and if they choose to implement the ongoing \$10 processing fee.
