

W. G. B.

Memorandum Date: February 14, 2011
Order Date: February 16, 2011

TO: Board of County Commissioners
DEPARTMENT: Administration, Intergovernmental Relations
PRESENTED BY: Alex Cuyler, Intergovernmental Relations Manager
AGENDA ITEM TITLE: Federal Tax Return Offset Letters to Federal Delegation

I. MOTION

Move to approve draft letters (Attachment A, B, C, and D) to federal delegation regarding Lane County support for the introduction of federal legislation to enable federal tax return offsets for outstanding state court fines.

II. AGENDA ITEM SUMMARY

Lane County is submitting advocacy letters to the Oregon Federal delegation in support of an effort that was first identified as part of former Governor Kulongoski's Task Force on County Services and Federal Forest Payments. This effort is identified as the federal tax return offset, and would produce additional revenue for state courts and ultimately local governments through distribution methodologies prescribed in Oregon statute. The procedure enabled through this legislation would be relatively simple; those who are owed a tax return by the IRS but whom also owe money to a state court would find that their return would be offset by the amount owed to the state court. The IRS would send the outstanding fine amount directly to the state court.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

- The Board previously sent letters of support to the Federal delegation on HR 1956, a measure introduced in the 111th Congress that addressed the recommendation identified in the Task Force report.
- During the 12/6/10 meeting with Senator Wyden's staff in Washington, DC, this was a topic of discussion, as the Senator had very recently introduced S. 3689, the Senate companion to HR 1956.
- Lane County played a significant role in the Task Force on County Services and Federal Forest Payments. The final report remains a document that is still actively utilized by state and federal policy makers.

B. Policy Issues

The Board routinely corresponds with the federal delegation on issues that it has identified as important.

C. Board Goals

The Strategic Plan references the development of balanced revenue strategies and the pursuit of intergovernmental revenue.

D. Financial and/or Resource Considerations

This effort has minimal financial implications in terms of resources expended. If this legislation is ultimately enacted, additional revenues would flow to funds allocated for courthouse security, in-jail drug treatment programs, and public safety officer training programs.

E. Analysis

The National Center for State Courts (NCSC), based in Washington, DC, has been the lead advocacy group lobbying for this legislation. In most states, outstanding court fine revenue is a constant issue, and a challenge to collect. Oregon continues to work on this issue through such efforts as the Interim Committee on Justice System Revenue created by HB 2287 (2009), and will expect to continue that work if HB 2711 (2010) advances through this Legislature.

During the 111th Congress, HR 1956 and S 3689 were the vehicles to advance the policy that individual federal tax return revenue should be sent to state courts where outstanding fines existed from that individual's lack of payment to a state court. Representatives Earl Blumenauer, Kurt Schrader, and Peter DeFazio were co-sponsors of HR 1956, while Senator Ron Wyden introduced S 3689 in the "lame duck". Neither of these measures advanced.

The Task Force on County Services and Federal Forest Payments identified this effort as a priority. At that time, they were aware of a previous effort in this regard that was spearheaded by then Senator Gordon Smith. The task force final report indicates that Oregon would receive \$10M for its General Fund, and \$21.6M for the Criminal Fines and Assessment Account (CFFA). It is the latter CFFA that produces local revenue for courthouse security, in jail drug treatment, public safety officer training, forensics support, and victims' compensation and assistance.

The NCSC has recently contacted the Lane County Intergovernmental Relations Manager to outline the strategy for the 112th Congress for advancing this legislation. It recognizes the role that Oregon's delegation has played in advocating for passage of this concept, and has asked that we begin to reinforce previous messages with regards to this legislative concept. They are hopeful that the House and the Senate introductions of bills can be close, if not simultaneous, and identical in language.

IV. RECOMMENDATION

Staff recommends approval of the draft letters. The effort is consistent with past activities related to this issue, and is timely considering the upcoming United Front trip to Washington, DC.

V. TIMING/IMPLEMENTATION

The letters are drafted and will be sent immediately upon signature. Staff will email copies to the local offices of the identified delegates.

VI. FOLLOW UP

This item may be followed by correspondence back to the NCSC and will be brought up during the United Front trip to Washington DC in March, 2011.

VII. ATTACHMENTS

Attachments A, B, C, and D are draft letters to Senator Ron Wyden, Congressman Earl Blumenauer, Congressman Peter DeFazio, and Congressman Greg Walden, respectively.

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO.

IN THE MATTER OF SENDING A LETTER TO THE
OREGON FEDERAL DELEGATION INDICATING
SUPPORT FOR FEDERAL TAX RETURN OFFSET

WHEREAS, Lane County participated on the Governor's Task Force on Federal Forest Payments and County Services in response to the expected sunset of the Secure Rural Schools and Community Self Determination Act of 2000, and;

WHEREAS, Lane County is one of the largest recipient of funds under this Act, and;

WHEREAS, the Task Force published a final report containing 53 recommendations for actions at the local, state, and federal levels, and;

WHEREAS, Recommendation #9 reads: **Enact enabling state legislation and support a federal law change to the Oregon Judicial Department to collect unpaid fines, fees, and restitution from individuals' federal tax refunds, while giving first priority to unpaid child support.**, and;

WHEREAS, the Task Force estimated that, if enacted, this measure would result in \$7.2 million per biennium to Oregon Counties, \$10 million to its General Fund per biennium, and \$21.6 million of its Criminal Fines and Assessments Account, which supports public safety officer training and OSP's forensics program, in addition to providing funds for victims' compensation and assistance, and;

NOW, THEREFORE, be it Ordered that the Lane County Board of Commissioners agrees to the letters regarding their interest in pursuing federal legislation following the recommendation of the Task Force, and;

BE IT FURTHER ORDERED, that these letters be mailed to Senator Wyden, Congressman DeFazio, Congressman Blumenauer, and Congressman Walden.

DATED this _____ day of February, 2011

Faye Stewart, Chair
Lane County Board of Commissioners

ATTACHMENT A

Dear Senator Wyden:

Lane County received news through the National Center for State Courts that you'd introduced S 3689 in late December. We were delighted to receive that information, and wish to express our thanks for that effort in the 111th Congress.

This measure is commonly referred to in Oregon as the "federal tax return offset", and you may recall we sent you a letter last February urging you to get HR 1956 (the House version of your bill) over to the Senate for a vote. Our interest in this bill stems from it being one of the priorities identified by then Governor Kulongoski's Task Force on County Services and Federal Forest Payments. At the time that committee was reporting its work, you were hard at work ensuring that Secure Rural Schools Act language was contained in the TARP bill. As we are now at somewhat the same juncture the effort related to state court collections is again on our radar screen. We ask that you consider introducing a similar tax return offset measure without delay for consideration by the 112th Congress.

As you know, this measure would help bring additional court connected revenue to Oregon courts simply by providing an additional collection tool to the courts. What you may not have realized is that a portion of that money is directed to local governments to provide courthouse security, drug treatment programs in our jail, and even contributes to training public safety officers employed at the local level.

We are additionally urging Oregon's House members to join Congressman Paulsen in sponsoring an identical measure in the House. Almost the entire Oregon delegation agreed to co-sponsor HR 1956 during the last Congress. What we understand is that the National Center for State Courts is hoping that the House and Senate versions can be introduced almost simultaneously, and moreover, that the language contained in each is identical.

Lane County continues to support the ongoing campaign to reauthorize the Secure Rural Schools Act. In that we see this as an additional measure to provide some relief from the rampdown and now almost immediate sunset of SRS funding, we would very much hope that you again champion the efforts to see this piece of legislation through to the President's desk,

With utmost appreciation,

Faye Stewart
Chair, Lane County Board of Commissioners

ATTACHMENT B

Dear Congressman DeFazio:

During the 111th Congress, you were a co-sponsor of HR 1956, which would have established a process to offset federal tax returns owed to individuals who also owe money to state courts as a result of not paying fines generated by the court. We are writing today to urge you to once again sign onto this legislation, currently being developed under the leadership of Congressman Paulsen.

This legislation is important to Lane County in that the County Services and Federal Forest Payments Task Force reported that if passed, this legislation would produce almost \$22M for the Criminal Fines and Assessment Account (CFAA). Under Oregon law, revenues from the CFAA flow to local governments for a variety of local programs, including courthouse security, in-jail drug treatment programs, public safety officer training, forensics investigation support, and victims' compensation and assistance. In Lane County, we would estimate that \$2.2M in additional resources for these programs would flow our way.

Senator Ron Wyden introduced a companion measure to HR 1956 in the Senate very late in the 2nd session. We are additionally urging him to work more closely with the House efforts during this Congress, such that the two efforts may be more closely timed, and identical in language.

Your support for HR 1956 was very much appreciated by the Board of County Commissioners. This kind of legislation is what we'll need in the final year of Secure Rural School Revenue during our FY 2012, with a return to actual timber related revenue in FY 13 and beyond. These will be very lean times for those who depend on county services, and thus we are hopeful that this session will see the passage of a measure very similar to HR 1956.

Please let me know if there is anything more we can do here at the local level to assist in the passage of this important legislation.

Sincerely,

Commissioner Faye Stewart
Chair, Lane County Board of County Commissioners

ATTACHMENT C

Dear Congressman Blumenauer:

Your work on behalf of Oregon's counties through co-sponsoring HR 1956 in the 111th Congress did not go un-noticed by the Board of County Commissioners in Lane County. We very much appreciated your support of that legislation, and expressed our support for the measure to the Congressman for the 4th District and to both of Oregon's Senators.

We are writing today to urge you to continue supporting the work of Representative Erik Paulsen, as he sets about introducing a similar bill in the 112th Congress. This is an important measure for Oregon in that former Governor Kulongoski's Task Force on County Services and Federal Forest Payments indicated that the Criminal Fines and Assessment Account would receive \$22M in additional revenue should HR 1956 become law. This account distributes money to local governments in Oregon for courthouse security, in-jail drug treatment programs, public safety officer training, forensics investigations support, and victims' compensation and assistance.

We stand ready to provide any information your office might need to develop arguments in favor of this legislation.

Sincerely,

Faye Stewart
Chair, Lane County Board of Commissioners

ATTACHMENT D

Dear Congressman Walden:

I am writing today to alert you to our efforts to seek passage of federal legislation that would enable the Internal Revenue Service to send money directly to a state court if that court is owed money by an individual due a federal tax return. We term this a "federal tax return offset" and it has been championed by Oregon's delegation beginning with then Senator Gordon Smith and continuing through the 111th Congress, when it was introduced as HR 1956 in the House and S 3989 in the Senate. We are hopeful that you will examine the current legislation being developed by Congressman Erik Paulsen, and agree to become a co-sponsor along with your other Oregon colleagues.

This legislation came to our attention through the work of then-Governor Kulongoski's Task Force on County Service and Federal Forest Payments. That report identified it as one of the actions Congress could take to assist Oregon's counties that were then facing the elimination of Secure Rural Schools Act funding. It is important to local governments in Oregon in that the report identified that if passed, this legislation would result in an additional \$22M flowing to Oregon's Criminal Fines and Assessment Account (CFAA), which is a vehicle for distributing court revenue in Oregon to local government programs. For example, Oregon's counties get funding from the CFAA to provide courthouse security, in-jail drug treatment programs, training for public safety officers, forensics investigation support, and victims' compensation and assistance.

We urge you to examine this legislation and hope you will agree to join as a co-sponsor. It is hoped that this Congress will pass the legislation. Please let me know if I can provide any additional information for you with regards to this concept. It is more fully explained in the Task Force Report as Recommendation #9, or I can put you in touch with staff from the National Center for State Courts in Washington, DC, who have this as one of their priorities for the 112th Congress.

Thank you for all you do, and your continued support of Oregon's counties.

Sincerely,

Faye Stewart
Chair, Lane County Board of Commissioners