

107<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3261

To amend the Internal Revenue Code of 1986 to expand the offset against overpayments to include all State and local taxes owed by any person, whether or not a resident of the State seeking the offset, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 8, 2001

Mr. MORAN of Virginia introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the offset against overpayments to include all State and local taxes owed by any person, whether or not a resident of the State seeking the offset, and for other purposes.

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. EXPANSION OF OFFSETS AGAINST OVERPAY-**  
4 **MENTS.**

5 (a) **OFFSETS NOT LIMITED TO RESIDENTS OF**  
6 **STATE SEEKING OFFSET.**—Subsection (e) of section 6402  
7 of the Internal Revenue Code of 1986 (relating to collec-  
8 tion of past-due legally enforceable State income tax obli-

1 gations) is amended by striking paragraph (2) and by re-  
2 designating paragraphs (3) through (7) as paragraphs (2)  
3 through (6), respectively.

4 (b) COLLECTION OF ALL STATE AND LOCAL GOV-  
5 ERNMENT TAX OBLIGATIONS.—

6 (1) IN GENERAL.—Paragraph (1) of section  
7 6402(e) of such Code is amended to read as follows:

8 “(1) IN GENERAL.—Upon receiving notice from  
9 any State or local government that a named person  
10 owes a past-due, legally enforceable tax obligation to  
11 such government, the Secretary shall, under such  
12 conditions as may be prescribed by the Secretary—

13 “(A) reduce the amount of any overpay-  
14 ment payable to such person by the amount of  
15 such tax obligation;

16 “(B) pay the amount by which such over-  
17 payment is reduced under subparagraph (A) to  
18 such government and notify such government of  
19 such person’s name, taxpayer identification  
20 number, address, and the amount collected; and

21 “(C) notify the person making such over-  
22 payment that the overpayment has been re-  
23 duced by an amount necessary to satisfy a past-  
24 due, legally enforceable tax obligation.

1 If an offset is made pursuant to a joint return, the  
2 notice under subparagraph (B) shall include the  
3 names, taxpayer identification numbers, and ad-  
4 dresses of each person filing such return.”

5 (2) CONFORMING AMENDMENTS.—

6 (A) Subsection (e) of section 6402 of such  
7 Code is amended by striking “State income  
8 tax” each place it appears and inserting “State  
9 or local tax”.

10 (B) The last sentence of paragraph (2) of  
11 section 6402(e) of such Code, as redesignated  
12 by subsection (a), is amended by striking “the  
13 State” and inserting “the State or local govern-  
14 ments of such State”.

15 (C) Paragraph (3) of section 6402(e) of  
16 such Code, as redesignated by subsection (a), is  
17 amended—

18 (i) by striking the material preceding  
19 subparagraph (A) and inserting the fol-  
20 lowing:

21 “(3) NOTICE; CONSIDERATION OF EVIDENCE.—

22 No State or local government may take action under  
23 this subsection until such government—”, and

1           (ii) by striking “the State” in sub-  
2           paragraphs (A) and (D) and inserting  
3           “such government”.

4           (D) Paragraph (4) of section 6402(e) of  
5           such Code, as redesignated by subsection (a), is  
6           amended by striking the last sentence.

7           (E) Paragraph (5) of section 6402(e) of  
8           such Code, as redesignated by subsection (a), is  
9           amended—

10           (i) by striking “States” each place it  
11           appears and inserting “State and local  
12           governments”, and

13           (ii) by striking “State income taxes”  
14           and inserting “State or local taxes”.

15           (F) Paragraph (6) of section 6402(e) of  
16           such Code, as redesignated by subsection (a), is  
17           amended—

18           (i) by striking “STATE” in the heading  
19           and inserting “STATE OR LOCAL GOVERN-  
20           MENT”,

21           (ii) by striking “Any State” and in-  
22           serting “Any State or local government”,  
23           and

1 (iii) by striking “such State” each  
2 place it appears and inserting “such gov-  
3 ernment”.

4 (G) Subsection (f) of section 6402 of such  
5 Code is amended by striking “or State” and in-  
6 serting “, State, or local government”.

7 (H) Subsection (h) of section 6402 of such  
8 Code is amended—

9 (i) by striking “STATES” in the head-  
10 ing and inserting “STATE AND LOCAL  
11 GOVERNMENTS”, and

12 (ii) by striking “State” in the text  
13 and inserting “State or local government”.

14 (c) USE OF FIRST CLASS MAIL ON TAX JUDG-  
15 MENTS.—Paragraph (3) of section 6402(e) of such Code,  
16 as redesignated by subsection (a), is amended by adding  
17 at the end the following new flush sentence:

18 “In the case of a debt described in paragraph  
19 (4)(A)(i)(I), the requirement in subparagraph (A) to  
20 use certified mail shall be treated as met by using  
21 first-class mail sent to the taxpayer’s last known ad-  
22 dress.”

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to refunds payable after December  
3 31, 2002.

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