

# Alabama Department of Revenue

News Release  
April 23, 2009

## New Law Requires Federal Refund Offset Fee to Be Paid by Debtor

*Montgomery*—A new state law was passed recently which now requires the administrative fee charged by the U.S. Treasury Department for Alabama's participation in the Treasury Offset Program (TOP), a debt collection program, to be paid by Alabama taxpayers whose federal refunds are intercepted for payment of past-due Alabama income tax debts.

Prior to passage of Act 2009-223, effective April 8, 2009, the Alabama Department of Revenue (ADOR) was required to pay the federal fee to the U.S. Treasury for each federal refund intercepted and applied to past-due Alabama income tax debts. The federal fee is set at \$22 per federal refund offset.

Alabama has participated in the Federal Refund Offset program since 2003 and has collected over \$37.5 million, representing 153,664 federal refund offsets.

Federal legislation passed by Congress in 1998 (P.L. 105-206) authorizes the federal government to offset federal tax refunds to satisfy state tax delinquencies. Forty-one states, including the District of Columbia, currently participate in the federal Treasury Offset Program.

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