

# NOTICE OF INTENT

## Department of Social Services Office of Family Support

### Food Stamp Program—Deduction of IRS Processing Fee (LAC 67:III.2005)

The Department of Social Services, Office of Family Support, proposes to amend the Louisiana Administrative Code, Title 67, Part I, Subpart 3, Food Stamps.

The agency currently refers certain delinquent Food Stamp claims to the Internal Revenue Service (IRS) for the purpose of offsetting federal income tax refunds. In compliance with 7 CFR 273.18 (g)(5)(iv)(C), beginning with the 1997 offset year which affects tax returns from prior years, the IRS processing fee will be added to the amount of the delinquent claim and that amount will be deducted from the individual's tax refund. The processing fee has previously been paid by the agency. Advance rulemaking is needed because the agency is required to notify individuals of claim actions at least 60 days in advance.

#### **Title 67**

#### **SOCIAL SERVICES**

#### **Part III. Office of Family Support**

#### **Subpart 3. Food Stamps**

#### **Chapter 19. Certification of Eligible Households**

#### **Subchapter P. Recovery of Overissued Food Stamp Benefits**

#### **§2005. Collection Methods and Penalties**

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D. The agency may collect any type of overissuance by using means other than allotment reduction or cash repayment. One of these means is the referral to the Internal Revenue Service of delinquent food stamp claims of previous food stamp recipients for the purpose of offsetting federal income tax refunds. Effective with the 1997 offset year, the IRS processing fee will be added to the claim and that amount will also be deducted from the individual's income tax refund.

E. Before the agency takes action to reduce a household's allotment in order to recover overissued benefits, the household may elect to repay the benefits.

1. The household responsible for overissuance due to an intentional program violation is allowed 10 days to choose between cash repayment or a reduced allotment.

2. The household responsible for overissuance due to an inadvertent error by the household is allowed 20 days to choose between cash repayment or a reduced allotment.

AUTHORITY NOTE: Promulgated in accordance with F.R. 48:6837 et seq., P.L. 97-35, 97-253, 101-624 §1746, and 102-237 §911, 7 CFR 272, 273, 276 and 277.

HISTORICAL NOTE: Promulgated by the Department of Health and Human Resources, Office of Family Security, LR 9:323 (May 1983), amended by the Department of Social Services, Office of Family Support, LR 18:1133 (October 1992), LR 20:391 (April 1994), LR 20:780 (July 1994), LR 20:898 (August 1994), LR 22:

Interested persons may submit written comments within 30 days to the following address: Howard L. Prejean, Deputy Assistant Secretary, Office of Family Support, Box 94065, Baton Rouge, LA, 70804-4065. He is responsible for responding to inquiries regarding this proposed rule.

A public hearing on the proposed rule will be held on May 28, 1996 in the second floor auditorium at the Department of Social Services, 755 Third Street, Baton Rouge, LA at 9 a.m. All interested persons will be afforded an opportunity to submit data, views, or arguments, orally or in writing, at said hearing. Individuals with disabilities who require special services should contact the Bureau of Appeals at least seven working days in advance of the hearing. For assistance, call (504) 342-4120 (Voice and TDD).

Madlyn B. Bagneris  
Secretary

#### **FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES**

#### **RULE TITLE: Food Stamp Program—Deduction of IRS Processing Fees**

#### **I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)**

An annual savings to state government of \$8,900 - \$9,900 will result when certain individuals, owing food stamp debts that are referred to the IRS for collection, will become responsible for the processing fee charged by IRS. In prior years the fee was paid by the state with additional matching federal funds.

The only implementation costs for the state will be the cost of publishing the rule and the printing of the policy revisions for staff. There is no cost to local governmental units.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

Since the agency will no longer expend funds to pay the IRS collection fee, it will no longer collect the 50 percent matching federal funds.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Beginning with the 1997 offset year, the IRS processing fee of approximately \$10 will be added to each claim being referred for offset, and that amount will also be deducted from the affected individual's tax refund.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

The proposed rule will have no effect on competition and employment.

Howard L. Prejean  
Deputy Assistant Secretary  
9604#043

Richard W. England  
Assistant to the  
Legislative Fiscal Officer