

SENATOR CLARK: Fine.

SENATOR V. JOHNSON: To indicate what the bill actually does. The Department of Revenue says that the State of Nebraska loses a lot of money annually to unpaid taxes that are owed by people who live outside the State of Nebraska and it hasn't had a good way of going after those particular taxpayers so the State of Nebraska Department of Revenue asks us very simply to authorize it to enter into contracts with collection agencies so that those collection agencies, for example, a collection agency down in Missouri or Wyoming or Wisconsin or what have you can take our accounts and go after the Missourian or the Wisconsinite or what have you to collect their taxes. If you will look at the fiscal note on this, the Department of Revenue says that we think that we lose between a quarter of a million and a half a million dollars annually. We lose that much annually to unpaid taxes by outstaters, by people who don't live in Nebraska and if we send these accounts out to collection agencies and if they do their job, we ought to be able to recover maybe as much as half of that. So the fiscal impact of this legislation is between \$100,000 and a quarter of a million dollars. Now some of the things that came before our committee that we were a little nervous about so I want to get into them with you is, number one, this legislation allows the State of Nebraska to permit the collection agency to retain as much as 50%, as much as 50% of the collected tax deficiency as its fee but that is pretty much standard operating procedure with collection agencies dealing with very small accounts, that they can collect as much as 50% of what they recover as their fee. This bill allows our State Tax Commissioner to set a bond for the collection agency. The bond can be as high as a hundred thousand dollars to insure the remittance to this state of tax dollars that are collected by the collection agencies. Now you and I all know George Wruck who for a long time has been the head of a collection agency and a credit agency in Omaha and Mr. Wruck tells me that never in the history of a collection agency in this state has there been a collection agency that has actually defaulted on the remittances. So I suspect that we will find the bond amount, we will not find bonds looked to but we at least give the Tax Commissioner authority to set a fairly high bond amount. In addition we will not allow under this bill any account to be assigned to a collection agency for the purpose of collection until the account is at least delinquent by at least six months, until we, the State of Nebraska have notified the delinquent taxpayer at least three times of the delinquency and have demanded payment and one of those three times has got to be by certified mail. So in other words we do our own collecting as best