



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

BEVERLY EAVES PERDUE
GOVERNOR

CHARLES E. PERUSSE
STATE BUDGET DIRECTOR

June 15, 2009

MEMORANDUM

TO: Elizabeth Colcord, Department of Revenue

FROM: Charles E. Perusse *Charles E. Perusse*

SUBJECT: Approval of Collection Cost Worksheets for Civil Penalties, Fines, and Forfeitures

The Office of the State Budget and Management (OSBM) is required by the General Assembly (G.S. 115C-457.2) to approve the percentage of the civil penalties, fines, and forfeitures collected by State agencies, boards, and commissions which can be withheld as collection costs. The percentage is based on the actual collection costs incurred by the agencies, boards, and commissions for the prior year, and can not exceed 20 percent of the amount collected. Effective July 1, 2006, and annually thereafter, State agencies, boards, and commissions must submit for OSBM's approval a Collection Cost Worksheet that reflects their actual costs of collecting civil penalties, fines and forfeitures for the previous year. Agencies that do not submit worksheets and receive OSBM's approval will not be able to withhold any collection cost.

Attached is a worksheet and instructions that the Department of Revenue should use in determining the Department's actual costs of collecting civil penalties and submitting the worksheets for OSBM's approval.

If you have any questions about completing the worksheet, please contact Joe Turlington at 919-807-4759 or Joe.Turlington@osbm.nc.gov. If Joe is unavailable, contact Anne Bander at 919-807-4744 or Anne.Bander@osbm.nc.gov.

Thank you.

Attachments: Instructions for Submitting Collection Cost Worksheets
Department of Revenue Collection Cost Worksheet
Department of Revenue Sample Collection Cost Worksheet

cc: Secretary Kenneth R. Lay

Department of Revenue Instructions for Submitting Collection Cost Worksheet

Collection Cost Worksheet should be submitted to the Office of State Budget and Management (OSBM) no later than July 24, 2009 to provide OSBM sufficient time to review and approve the percent of collection costs that the Department of Revenue withholds for the year. The Department should apply the following formula in determining its cost of collecting civil penalties.

$$\frac{\text{Civil Penalties Collected for Previous FY}}{\text{Gross Annual Receipts (taxes, interest, \& penalties) for Previous FY}} \times \frac{\text{Annual Expenditures for Previous FY}}{\text{Expenses Allocated to Collection Cost for Previous FY}} = \frac{\text{Civil Penalties Collected for Previous FY}}{\text{Expenses Allocated to Collection Cost for Previous FY}} = \text{_____}\%$$

OSBM will approve the allowable percent by July 31st unless it is delayed by the late submission of the Department's worksheet.

Worksheets should be e-mailed to Joe Turlington at Joe.Turlington@osbm.nc.gov or faxed to Joe's attention at 919-733-0640.

**Department of Revenue Collection Cost Worksheet
for Civil Penalties, Fines, and Forfeitures**

Fiscal Year 2009-10

Remit to OSBM by July 24, 2009

Types of Penalties, Fines, & Forfeitures _____

Contact Person _____

Phone Number _____

Use the formula included in the instructions to determine the percent of collections that can be withheld as collection costs.

Annual Civil Penalties Collected for Previous FY _____

Divided by Gross Annual Receipts (taxes, interest, & penalties) for Previous FY _____

Times Annual Expenses for Previous FY _____

Equals Expenses Allocated to Collection Cost for Previous FY _____

Divided by Civil Penalties Collected for Previous FY _____

Equals Percent to Withhold from Civil Penalties Collected for Current FY _____

OSBM Approval: _____

Signature

Approved Percent

Date

**Department of Revenue Collection Cost Worksheet
for Civil Penalties, Fines, and Forfeitures**

Fiscal Year 2009-10

Types of Penalties, Fines, & Forfeitures _____ **General Fund Taxes** _____
Contact Person Jane Doe
Phone Number 919-555-1234

Use the formula included in the instructions to determine the percent of collections that can be withheld as collection costs.

Annual Civil Penalties Collected for Previous FY	<u>\$ 45,000,000</u>
Divided by Gross Annual Receipts (taxes, interest, & penalties) for Previous FY	<u>\$ 22,000,000,000</u>
Times Annual Expenses for Previous FY	<u>\$ 96,600,000</u>
Equals Expenses Allocated to Collection Cost for Previous FY	<u>\$ 197,591</u>
Divided by Civil Penalties Collected for Previous FY	<u>\$ 45,000,000</u>
Equals Percent to Withhold from Civil Penalties Collected for Current FY	<u>0.44%</u>

OSBM Approval: _____
Signature Approved Percent Date