

DEPARTMENT OF THE TREASURY

Fiscal Service

31 CFR Part 285

RIN 1510-AA62

Offset of Tax Refund Payments to Collect Past-Due, Legally Enforceable Nontax Debt

AGENCY: Financial Management Service, Fiscal Service, Treasury.

ACTION: Final rule.

SUMMARY: This final rule adopts the interim rule, published in the **Federal Register** on June 25, 1997, concerning the tax refund offset procedures applicable to the collection of delinquent nontax debt owed to Federal agencies.

DATES: This rule is effective September 28, 1998. This rule applies to tax refund payments payable after January 1, 1998.

FOR FURTHER INFORMATION CONTACT: Gerry Isenberg, Financial Program Specialist, at (202) 874-6660; Martin Mills, Treasury Offset Program, at (202) 874-8700; Ellen Neubauer or Ronda Kent, Senior Attorneys, at (202) 874-6680. A copy of this final rule is being made available for downloading from the Financial Management Service web

site at the following address: <http://www.fms.treas.gov>.

SUPPLEMENTARY INFORMATION:**Background**

On June 25, 1997, the Financial Management Service (FMS) published in the **Federal Register** an interim rule with request for comments concerning the tax refund offset procedures applicable to the collection of delinquent nontax debt owed to Federal agencies (62 FR 34175, June 25, 1997). The closing date for the submission of comments was July 25, 1997.

Since publication of the interim rule, FMS and the Internal Revenue Service have delayed the merger of the tax refund offset program with the Treasury Offset Program to January 1, 1999. However, the procedural changes affecting the prerequisites to participation in the tax refund offset program remain effective for all tax refund payments payable after January 1, 1998. Therefore, the interim rule may be adopted without changing the effective date.

Comments on the Interim Rule

By the close of the comment period, FMS received one comment on the interim rule from one organization commenting on behalf of a provider of tax-related financial services and a

financial institution. The commenter noted that the rule does not require agencies to report debts to credit bureaus before submitting them for collection by tax refund offset. The commenter suggested that the rule should establish a time frame within which an agency is required to report a delinquent debt to a credit bureau.

This rule does not include credit bureau reporting as a prerequisite for participation, or as a requirement for continued participation, in the tax refund offset program. Section 31001(k) of the Debt Collection Improvement Act of 1996, Pub. L. 104-134, 110 Stat. 1321-358 (Apr. 26, 1996), codified at 31 U.S.C. 3711(e), mandates that agencies report consumer debt to credit bureaus. Therefore, it is not necessary to address credit bureau reporting in the tax refund offset program and no change has been made to the final rule.

Adoption as Final Rule

Accordingly, the interim rule adding 31 CFR part 285 which was published at 62 FR 34175 on June 25, 1997, is adopted as a final rule without change.

Dated: August 21, 1998.

Richard L. Gregg,

Commissioner.

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