

114TH CONGRESS
1ST SESSION

H. R. 780

To amend the Internal Revenue Code of 1986 to provide for offsetting certain past-due local tax debts against income tax overpayments.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 2015

Mr. CONNOLLY (for himself and Mr. BEYER) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for offsetting certain past-due local tax debts against income tax overpayments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. OFFSETTING PAST-DUE, LEGALLY ENFORCE-**
4 **ABLE LOCAL TAX OBLIGATIONS.**

5 (a) IN GENERAL.—Subsection (e) of section 6402 of
6 the Internal Revenue Code of 1986 is amended by adding
7 at the end the following new paragraph:

8 “(8) PAST-DUE, LEGALLY ENFORCEABLE LOCAL
9 TAX OBLIGATIONS.—

1 “(A) IN GENERAL.—A State may, on be-
2 half of a local government located within the
3 State, submit a notice of past-due, legally en-
4 forceable local tax obligation for offset under
5 this subsection.

6 “(B) SPECIAL RULES.—Such submission
7 and offset shall be made with respect to any
8 past-due, legally enforceable local tax obligation
9 under rules similar to the rules of this sub-
10 section (other than this paragraph), except—

11 “(i) under paragraph (3)(A), any re-
12 duction attributable to a past-due, legally
13 enforceable local tax obligation shall be
14 made (in addition to reductions specified in
15 such subparagraph) after the overpayment
16 is reduced pursuant to—

17 “(I) this subsection with respect
18 to any past-due, legally enforceable
19 State income tax obligation; and

20 “(II) subsection (f) with respect
21 to any covered unemployment com-
22 pensation debt; and

23 “(ii) the local government on whose
24 behalf a State is submitting shall certify to
25 the State that the requirements of para-

1 graph (4) have been met by the local gov-
2 ernment.

3 “(C) PAST-DUE, LEGALLY ENFORCEABLE
4 LOCAL TAX OBLIGATION.—For purposes of this
5 subsection, the term ‘past-due, legally enforce-
6 able local tax obligation’ means any debt—

7 “(i)(I) which resulted from a judg-
8 ment rendered by a court of competent ju-
9 risdiction, or a determination after an ad-
10 ministrative hearing, which has determined
11 an amount of tax to be due to a local gov-
12 ernment; and

13 “(II) which is no longer subject to ju-
14 dicial review; or

15 “(ii) which resulted from a tax im-
16 posed by a local government which has
17 been assessed but not collected, the time
18 for redetermination of which has expired,
19 and which has not been delinquent for
20 more than 10 years.

21 Such term shall not include any local income
22 tax described in the second sentence of para-
23 graph (5).

24 “(D) REGULATIONS.—The Secretary shall
25 issue such regulations, and modify any such

1 regulations under paragraph (6), as may be
2 necessary to carry out the purposes of this
3 paragraph.”.

4 (b) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to refunds payable after the date
6 of the enactment of this Act.

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