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Attached is a five year collection report of District Court Debts collected through the Setoff Program. It includes total debt collections for each fiscal year, the computed 17% fee retained by Setoff and the net amount returned to the District Courts.

The Kansas Department of Revenue is the only other State Agency with the authority to add the collection assistance fee to its debts. The following statute allows KDOR to add the Setoff collection assistance fee to its debt:

**KSA 75-5148: Additional penalty for collection of delinquent tax.** The secretary of revenue or the secretary's designee may assess an additional penalty to be added to any delinquent tax owed by a taxpayer in an amount equal to the fee charged by a debt collection agency for the collection of such delinquent tax, as provided by K.S.A. 75-5140 *et seq.*, and amendments thereto, and any charges required to be paid to any government agency within or without the state of Kansas for services rendered in connection with such collection.

As an example of how the fee is "grossed-up" to adjust for the fee, we would add 17% to a \$100 debt to calculate an amount of \$117. A setoff percentage would be set as 14.53% so that a collection against the \$117 would calculate at \$17 ( $\$117 \times 14.53\% = \$17$ ). The amount returned to the court would be \$100.

Please let me know if you need any additional information would if you would like to discuss this explanation in more detail.

Thanks,

Kent E. Olson, Director  
Division of Accounts & Reports  
Department of Administration  
900 SW Jackson, Room 351-South  
Topeka, Kansas 66612-1248  
(785) 296-2314  
Fax (785) 296-6841  
[kent.olson@da.ks.gov](mailto:kent.olson@da.ks.gov)

# SETOFF PROGRAM

## SUMMARY OF COLLECTIONS FOR DISTRICT COURTS

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
District Courts Collections by Fiscal Year	201,970 0.17	178,710 0.17	250,507 0.17	311,723 0.17	349,196 0.17
Amount Retained by Department of Admin Setoff Program	<u>34,335</u>	<u>30,381</u>	<u>42,586</u>	<u>52,993</u>	<u>59,363</u>
Net amount returned to the District courts	<u><u>167,635</u></u>	<u><u>148,329</u></u>	<u><u>207,921</u></u>	<u><u>258,730</u></u>	<u><u>289,833</u></u>