



Employment Security  
COMMERCE

W.T. Brinn, Jr, Assistant Secretary

*For More Information, Contact:*  
Larry Parker/919.707.1010

*For Immediate Release*  
May 26, 2016

## **McCrory Administration Implements Federal Program to Recoup Taxes Owed by Employers** *\$1.3 Million Collected by DES Since November 2015*

**RALEIGH** — The Division of Employment Security (DES) has begun to collect unpaid unemployment insurance taxes from employers through a federal program called the Treasury Offset Program (TOP).

The Division implemented TOP originally for the recovery of unemployment insurance benefit overpayments to claimants in 2013. In January 2016, DES leveraged this process to implement the recovery of unpaid employer taxes. States have recently been given permission by the federal government to run the TOP program for unpaid unemployment insurance taxes.

“This is part of our larger effort to bring certainty to North Carolina businesses by reforming our unemployment system and taking the trust fund from bankruptcy to solvency in 30 months,” said Governor Pat McCrory. “The employers who file and pay on time deserve the assurance that we will hold accountable those employers who don’t meet their obligations.”

This program is expected to only affect a small number of the employers who pay unemployment insurance taxes. In 2015, 91% of employers filed timely while 93% paid their unemployment taxes on time.

“This program has been very effective in recovering funds owed to the Division,” said DES Assistant Secretary Ted Brinn. “Employers are given an opportunity to settle the debt before we use the program. In anticipation of our implementation of the program, we mailed out the notification letters required by the federal program in early November. That effort, along with TOP has netted DES \$1.3 million in unpaid taxes.”

TOP is used to intercept eligible federal payments to delinquent debtors, in accordance with the Debt Collection Improvement Act of 1996 and other legal authorities. Federal law requires state agencies to certify that the debt is valid, delinquent, and legally enforceable and that the agency has complied with all due process pre-requisites prior to offset. This means that, at least 60 days prior to submission of the debt to TOP, the creditor agency has sent a notice to the debtor stating the amount and type of debt and the agency’s intention to refer the debt to TOP for offset. The creditor agency must also provide the debtor with the opportunity to resolve the debt through a repayment agreement and/or to dispute the agency’s claim.

###

This information may be accessed on the DES World Wide Web page, at <http://www.ncesc.com>