HLS 23RS-759 ORIGINAL

2023 Regular Session

HOUSE BILL NO. 422

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BY REPRESENTATIVE MARCELLE

REVENUE DEPARTMENT: Limits the fees assessed by the office of debt recovery on delinquent debt that originates from certain criminal fines, fees, and costs

AN ACT

2 To amend and reenact R.S. 47:1676(C)(2)(a), (E), and (G)(1) and (4), relative to debt 3 recovery; to limit the additional fees assessed by the office of debt recovery assessed 4 on the collection of criminal fines, fees, and costs; to provide for an effective date; 5 and to provide for related matters. 6 Be it enacted by the Legislature of Louisiana: Section 1. R.S. 47:1676(C)(2)(a), (E), and (G)(1) and (4) are hereby amended and 7 8 reenacted to read as follows: 9 §1676. Debt recovery 10 11 C. 12 13 (2)(a) Agencies that do not have collection contracts with the attorney 14 general's office for the collection of delinquent debts shall refer all delinquent debts 15 to the office as provided by rule. Such referrals shall include data and information 16 in the required format necessary to institute collection procedures. All delinquent 17 debts shall be authenticated by the agency or officer prior to being referred to the 18 office. Once the debt becomes final, and prior to referral to the office, the agency 19 shall notify the debtor that failure to pay the debt in full within sixty days shall 20 subject the debt to an additional collection fee as provided for in this Section.

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

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However, the additional collection fee authorized by this Section for any debt that originated from a criminal fine, fee, or cost shall not exceed fifteen percent of the total liability of the final debt. All agencies shall refer non-final delinquent debts to the attorney general's office for collection when the debt has been delinquent for sixty days pursuant to the referral guidelines established by the attorney general as incorporated into agreements between the attorney general and other agencies or pursuant to the rules promulgated by the attorney general pursuant to the Administrative Procedure Act. Such non-final delinquent debts shall be authenticated by the agency prior to their referral to the attorney general.

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E. The office shall charge the debtor a fee not to exceed twenty-five percent of the total liability of debt which has become final after the initial effective date of this Section. The amount of the fee shall be established by rule promulgated by the department and shall be uniformly applied to all debts. The fee authorized pursuant to the provisions of this Subsection for any debt that originated from a criminal fine, fee, or cost shall not exceed fifteen percent of the total liability of the final debt. Fees collected under this Subsection shall be retained by the office after the debt is collected and shall be divided in accordance with an agreement between the office and the office of the attorney general after payment of costs set forth in the agreement. Monies collected by the office pursuant to the provisions of this Section shall be transferred to the referring agency within thirty days after the end of the month in which the monies were collected and shall be used, subject to an annual appropriation, by the referring agency as they would have been had they been timely collected. However, any monies collected for delinquent debt as a result of nonpayment of tax liabilities pursuant to Title 47 of the Louisiana Revised Statutes of 1950, as amended, after deposit into the state general fund, the first five million dollars shall be appropriated by the legislature beginning in Fiscal Year 2013-2014, and for four consecutive fiscal years thereafter, to the office of state police for a training academy class.

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1 G. Agencies may exercise the following procedures, in combination with its 2 own statutes or as a standalone procedure, to make any debt owed to the agency a 3 final delinquent debt that is collectible by the office. 4 (1) Once an agency determines a debt is owed, it shall send the debtor an 5 initial notice of the debt which requests payment, outlines any additional information 6 necessary to identify the nature of the debt and the amount due, and notifies the 7 debtor that failure to pay the debt in full within sixty days shall subject the debt to 8 be transferred to the office for collection of the maximum amount owed with an 9 additional collection fee added to the debt. However, the additional collection fee 10 authorized by this Section for any debt that originated from a criminal fine, fee, or 11 cost shall not exceed ten percent of the total liability of the final debt. 12 13 (4) If an agency utilizes the procedures above and transfers the final 14 delinquent debt to the office for collection, in lieu of any other notice, the office shall 15 send the debtor a notice informing the debtor of the debt's transfer to its office for 16 collection and of the additional collection fee that shall be added to the debt. 17 However, the additional collection fee authorized by this Section for any debt that 18 originated from a criminal fine, fee, or cost shall not exceed fifteen percent of the 19 total liability of the final debt. 20 Section 2. The provisions of this Act shall apply to final delinquent debt referred to 21 22 the office of debt recovery by an agency on and after January 1, 2023, which has not yet 23 been fully collected by the office of debt recovery. 24 Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature 25

by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

vetoed by the governor and subsequently approved by the legislature, this Act shall become

effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 422 Original

2023 Regular Session

Marcelle

Abstract: Limits the additional collection fee assessed by the office of debt recovery on delinquent debts that originate from certain criminal fines, fees, and costs to no more than 15% of the total liability of the final debt.

<u>Present law</u> establishes the office of debt recovery (office) within the Dept. of Revenue (DOR) for the purpose of collecting taxes payable to DOR and to collect certain delinquent debts on behalf of other state agencies. <u>Present law</u> requires agencies that do not have a collection contract with the attorney general's office for the collection of delinquent debts to refer all delinquent debts to the office.

<u>Present law</u> provides that once a debt becomes final, prior to referral to the office, the agency imposing the debt shall notify the debtor that failure to pay the debt within 60 days shall subject the debt to additional collection fees as provided in present law.

<u>Present law</u> authorizes the office to charge the debtor a fee not to exceed 25% of the total delinquent debt liability which becomes final.

<u>Proposed law</u> retains <u>present law</u> but limits the additional fee that may be collected by the office for any debt that originates from a criminal fine, fee, or cost to no more than 15% of the total liability of the final debt.

<u>Proposed law</u> is applicable to final delinquent debt referred to the office of debt recovery by an agency on and after Jan. 1, 2023, which has not yet been fully collected by the office of debt recovery.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 47:1676(C)(2)(a), (E), and (G)(1) and (4))