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## DIGEST

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Broadwater

HB No. 629

**Abstract:** Establishes the office of debt recovery within the Dept. of Revenue which shall aid in the collection of delinquent debts on behalf of state agencies which do not have debt collection contracts with the attorney general's office.

Present law provides for the establishment and organization of the Department of Revenue (DOR) and all of the offices that are part of the department.

Proposed law retains present law and adds the office of debt recovery within DOR which shall be responsible for the collection of tax payable to DOR and may be responsible for the collection of delinquent debts, accounts, or claims due on behalf of all other state agencies.

Proposed law authorizes the Dept. of Revenue (DOR), office of debt recovery, hereinafter "office", to serve as a debt collecting entity for the state for the collection of delinquent debts on behalf of all state agencies which refer delinquent debt to the office for collection.

Proposed law requires all debts owed to the state to be referred to either the attorney general's office or to the office of debt recovery for collection. However, all state agencies which do not have a contract with the attorney general's office for debt collection on or before Jan. 1, 2013, shall refer all delinquent debts to the office for collection when the debt has been delinquent for 60 days. All agencies which do not have collection contracts with the attorney general's office shall begin to refer delinquent debts to the office no later than Jan. 1, 2014. Defines "debt" as any legally collectible, liquidated sum due and owing an agency, or due and owing a person and collectible by any agency, or a judgment, order of the court, or bond forfeiture which is properly certified by the clerk and which orders the payment of a fine or other court ordered penalty. Further provides that the legally collectible and liquidated sum due includes principle and accruing interest, fees, and penalties, if appropriate.

Proposed law requires that all debts be final and authenticated by the state agency prior to being referred to either the office or the attorney general. Further requires the office to comply with all state and federal law applicable to the collection of the debt and for the state to assume all liability for its actions without recourse to the agency or political subdivision owed the debt.

Proposed law permits the office to collect delinquent debts owed to political subdivisions which are not statewide political subdivisions pursuant to a formal agreement with the department.

Proposed law authorizes the secretary to contract with the attorney general's office or a third-

party collection contractor for the collection of delinquent debt on behalf of the office.

Proposed law authorizes the office to use a participating agency's or political subdivision's statutory collection authority to collect delinquent debts. The office may also use authority granted in present law regarding offset from income tax refunds or other accounts payable by the state for any delinquent debt transferred by state agencies or political subdivisions. Grants the secretary discretion to determine which collection method or combination of methods is most suitable to collect the delinquent debt.

Proposed law authorizes the office to exercise authority granted pursuant to present law relative to the suspension or denial of drivers' licenses, the suspension, revocation, or denial of hunting or fishing licenses, or to withhold, offset, levy, garnish, or seize payments of progressive slot machine annuities and cash gaming winnings in collecting delinquent debt. Further authorizes the office to suspend, revoke, deny, or request the suspension, revocation, or denial of any license, professional license, or permit issued, granted, or renewed by the state due to a debtor owing the state a delinquent debt.

Proposed law additionally authorizes the office to exercise the same authority granted in present law and to assume the obligation for the payment of such services in order to collect delinquent debt. No financial institution, including directors, officers, employees, or other agents, which provides information to the office shall be liable civilly or criminally for the disclosure of such information.

Proposed law requires the department to charge the debtor a fee not to exceed 25% of the total delinquent debt liability. Fees collected according to the provisions of proposed law shall be retained by the office after the debt is collected. Requires DOR to transfer any monies collected from a debtor to the referring agency within 30 days after the end of the month in which the collection was made.

Proposed law provides that money received by the secretary from the fees imposed pursuant to proposed law shall be designated self-generated revenues of the department.

Proposed law authorizes state agencies to transmit data to the office deemed necessary to aid in the collection efforts of the office. Requires the secretary to establish and maintain centralized electronic debt registry to compile the information provided by state agencies and participating political subdivisions. The data compiled in the registry shall be available for cross-referencing and for the identification of debtors necessary for the collection of delinquent debt; however, all data, records, and files utilized for debt collection shall be deemed confidential and privileged, and no person shall divulge or disclose any information obtained from such records and files except in the administration and enforcement of these provisions.

Proposed law requires the department to promulgate rules and regulations in accordance with the APA to implement the provisions of proposed law. Further provides that any rule promulgated by the department shall be construed in favor of the secretary.

Proposed law authorizes the secretary to enter into reciprocal collection and offset of indebtedness agreements with the federal government.

Proposed law requires the office to evaluate and recommend any uncollectible debt for sale or securitization in accordance with present law after the office exercises and employs its collection methods and tools.

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

(Amends R.S. 36:451(C); Adds R.S. 36:458(H) and R.S. 47:1676)

### Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Added authorization for the office to exercise authority pursuant to present law relative to the suspension or denial of drivers' licenses, the suspension, revocation, or denial of hunting or fishing licenses, or to withhold, offset, levy, garnish, or seize payments of progressive slot machine annuities and cash gaming winnings in collecting delinquent debt.
2. Added authorization for the office to withhold, offset, levy, or garnish gaming winnings in collecting delinquent debt.
3. Added federal or state taxpayer identification numbers to the information a referring agency must certify before send the delinquent debt to the office or the attorney general for collection.
4. Required the office to evaluate and recommend any uncollectible debt for sale or securitization after the office exercises its collection methods and tools.