

STAFF MEASURE SUMMARY**Senate Committee On Rules****Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Action Date:** 05/12/15**Action:** Do Pass With Amendments And Requesting Referral To Ways And Means.
(Printed A-Engrossed.)**Meeting Dates:** 03/05, 05/12**Vote:**

Yeas: 4 - Beyer, Boquist, Burdick, Rosenbaum

Exc: 1 - Ferrioli

Prepared By: Erin Seiler, Committee Administrator**WHAT THE MEASURE DOES:**

Subject to rules adopted by Oregon Department of Administrative Services (DAS), requires state agency that requests person to voluntarily supply Social Security number (SSN) on any document relating to any monetary obligation or transaction must include on document notice disclosing that SSN may be used for state agency debt collection activities. Permits DAS to adopt rules specifying form of notice and setting procedures for sharing SSN. Defines state agency; specifies exemptions from definition of state agency. Requires that annual state agency report to Legislative Fiscal Office on liquidated and delinquent accounts include specific information on accounts. Permits state agency, Department of Revenue (DOR) or private collection agency assigned delinquent account to use SSN to collect any debt owed a state agency or local government. Permits compromise for settlement of debt owed to state agency. Requires state agency adopt criteria for determining when offers of compromise may be made. Criteria must be approved by DAS and Attorney General, or by Chief Justice in case of all state courts and all commissions, departments and divisions in judicial branch of state government. Creates Collections Unit in the DOR, subject to rules prescribed by DAS, for collection of delinquent accounts owing to state agencies or to counties; DOR shall provide assistance in collection of any delinquent account owing to any state agency, or to a county. Specifies role of DOR in collection of debts. Directs DAS to provide training and technical assistance to state agencies on managing accounts receivable and collecting liquidated and delinquent accounts. Directs DAS to adopt rules governing collection of liquidated and delinquent accounts. Directs state agencies to impose fee for collection of liquidated and delinquent accounts. Dedicates fee to Delinquent Accounts Administration Fund established in State Treasury for payment of expenses of DAS in providing training and technical assistance.

Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Current debt owed and collection rates of debt
- Agencies ability to address, pursue and collect debt
- Reasons that debt is not collectable and low collection rates
- Amendments
- Type of debt owed to state: fines, fees, judgments and taxes
- Significance of having Social Security number when collecting debt
- Fee-based model of assessment could create inequities

EFFECT OF COMMITTEE AMENDMENT:

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BACKGROUND:

Oregon has substantial uncollected debt and delinquent accounts. The state's delinquent debt rose from \$1.7 billion at the end of fiscal year 2008 to \$3.2 billion in 2014, while statewide collection rates dropped from 13.5 percent to 10.5 percent. The Oregon Judicial Department and the Oregon Department of Revenue are the primary holders of uncollected debt, which is largely made up of court fees, fines, restitution orders and unpaid taxes.

Unlike a business, the state does not write off debt, but holds onto many delinquent accounts forever. Moreover, state agencies have limited tools available to them that could improve collection rates, particularly when the individual does not have the ability to repay debt.