

## SB 89 STAFF MEASURE SUMMARY

### Senate Committee On General Government and Accountability

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**Prepared By:** C Ross, LPRO Analyst

**Meeting Dates:** 3/8, 3/20, 3/27

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#### WHAT THE MEASURE DOES:

Modifies provisions governing collection of delinquent accounts owed state agencies. Directs the Department of Revenue (DOR) to offer *its* delinquent accounts for assignment to private collection agencies. Requires *other* state agencies to offer delinquent accounts to DOR only, instead of to *either* DOR or private collection agencies. Requires DOR to offer those accounts to private collection agencies when inactive for six months. Clarifies that DOR's collections unit may access all information in DOR's possession for lawful purposes. Becomes operative July 1, 2018. Declares emergency, effective on passage.

*FISCAL: May have fiscal impact, but no statement yet issued*

*REVENUE: May have revenue impact, but no statement yet issued*

#### ISSUES DISCUSSED:

- Amount of debt owed state agencies
- Benefit to smaller agencies without robust collections resources
- Whether to include public universities
- Whether flexibility needed for agencies with healthy collections processes
- Cost-savings of in-house collections versus farming-out to private companies
- Department of Revenue's ability to attach tax refunds
- Department of Revenue's capacity to staff-up to meet anticipated need

#### EFFECT OF AMENDMENT:

*[-1 amendment]* Removes emergency clause.

*[-2 amendment]* Clarifying and technical changes. Permits DOR discretion to assign other agencies' delinquent accounts to private collections during first six months. Requires DOR to notify originating agency if/when debt is assigned to private collections. Directs DOR to provide private collections entities with written standards of service. Provides that originating state agencies may cancel and recall uncollectible assignments to DOR, and shall recall such assignments to private collections. Restores language requiring certain content in notices to debtors when setoffs are made.

*[-3 amendment]* Clarifies how state agencies may request voluntary disclosure of social security numbers for debt collection purposes with notice to the debtor. Requires rulemaking as to form of notice. Prohibits use of social security numbers for debt collection purposes absent notice unless otherwise permitted by law.

*[-4 amendment]* Combines the three previous sets of amendments.

#### BACKGROUND:

**SB 89 STAFF MEASURE SUMMARY**

Oregon law currently allows state agencies to offer certain delinquent accounts for assignment to either the Department of Revenue (DOR) or to private collection agencies. If the state agency chooses a private collection agency, it has "a reasonable time" to collect before the account is relinquished back to the state agency. If the state agency chooses DOR, DOR has six months to collect, and then the account is offered to a private collection agency.

Senate Bill 89 eliminates state agencies' choice to offer certain delinquent debts to either the Department of Revenue (DOR) or to private collection companies, and centralizes assignment with DOR. DOR is then required to offer the accounts to private collection agencies if they are inactive for six months.