

SB 511 A STAFF MEASURE SUMMARY

Carrier: Sen. Thatcher

Senate Committee On Judiciary

Action Date: 02/22/17
Action: Do pass with amendments. (Printed A-Eng.)
Vote: 4-0-1-0
Yeas: 4 - Linthicum, Manning Jr, Prozanski, Thatcher
Exc: 1 - Dembrow
Fiscal: No fiscal impact
Revenue: No revenue impact
Prepared By: Channa Newell, Counsel

WHAT THE MEASURE DOES:

Creates accounts receivable designation for overpayment of child support when Department of Justice transmits money received from any person or entity on behalf of an obligor and amount transmitted is more than support obligation, amount is sent to wrong person or entity, or payment is dishonored or reversed. Specifies amount of overpayment is owed by person or entity to which money is transmitted, rather than solely owed by obligee. Provides that account receivable becomes overpayment when 90 days passes without payment in full or without payment required by agreement between Division and person.

ISSUES DISCUSSED:

- Current statute creates debt in favor of state when overpayment is made to obligee or state agency
- Overpayment may result from checks returned for insufficient funds, overpayment and refund to the obligor, or payment sent to wrong person
- Division of Child Support must send payment to obligee within two days of receipt of payment from obligor
- Measure allows for recovery attempts after 90 days of either no payment in full or obligor out of compliance with payment agreement

EFFECT OF AMENDMENT:

Replaces measure. Clarifies that overpayments can be made to any person or entity, including but not limited to obligor. Specifies that if person or entity does not timely object to determination of overpayment, then amount becomes liquidated debt and creates account receivable. Provides accounts receivable are delinquent if person or entity fails to make full payment within 90 days of liquidation or without payment as required by payment plan. Includes dishonored or reversed checks from any entity or person paying on behalf of obligor as account receivable.

BACKGROUND:

The Division of Child Support is a division within the Oregon Department of Justice. It is responsible for processing over \$1 million each day in medical expenses and child support for children. Currently, the Division may create an overpayment in favor of the state when it sends money from an obligor to an obligee and the amount of the payment or the person paid is incorrect. For example, an obligor may send a check to the Division to process. The Division must process that payment and send money to the obligee within two days of receipt of the payment. If there are not sufficient funds to cover the written check, the Division is left with an overpayment to the obligee and may begin recovery attempts. Currently, the Division may only create an account receivable if the recovery is against the obligee and there is limited ability for the Division to develop a repayment plan.

Senate Bill 511 A creates a process for creating accounts receivable for moneys paid out in error to any person or entity and allows collection efforts against the person or entity that sent the payment. Additionally, the measure gives the Division and the person 90 days to either pay in full or begin payment under a plan before the account receivable becomes delinquent.