

SB 89 A STAFF MEASURE SUMMARY

Senate Committee On General Government and Accountability

Action Date: 03/27/17

Action: Do pass with amendments and requesting referral to Ways and Means. (Printed A-Engrossed.)

Vote: 5-0-0-0

Yeas: 5 - DeBoer, Hass, Prozanski, Riley, Thatcher

Fiscal: Fiscal impact issued

Revenue: No revenue impact, statement issued (Indeterminate Impact)

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WHAT THE MEASURE DOES:

Modifies provisions governing collection of delinquent accounts owed state agencies. Directs the Oregon 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. Clarifies how state agencies may request voluntary disclosure of social security numbers for debt collection purposes. Prohibits use of social security numbers for debt collection purposes without notice to the debtor unless otherwise permitted by law. Becomes operative July 1, 2018.

ISSUES DISCUSSED:

- Amount of debt owed state agencies
- Benefit to smaller agencies without robust collections resources
- Whether to include public universities
- Whether flexibility is needed for agencies with healthy collections processes
- Cost-savings of in-house collections versus use of private companies
- DOR's ability to attach tax refunds
- DOR's staffing capacity and ability to meet anticipated need

EFFECT OF AMENDMENT:

Removes emergency clause. Clarifies details and makes technical changes. Gives DOR discretion to assign other agencies' delinquent accounts to private collections during first six months. Requires DOR to notify originating agency debt is assigned to private collections. Directs DOR to provide private collections entities with written standards of service. Permits originating state agencies to cancel and recall uncollectible debt assignments to DOR, and recall such assignments to private collections. Restores language requiring certain content in notices to debtors when setoffs are made. Clarifies how state agencies may request voluntary disclosure of social security numbers for debt collection purposes. Prohibits use of social security numbers for debt collection purposes without notice to debtor unless otherwise permitted by law. Requires rulemaking as to form of notice.

BACKGROUND:

Oregon law currently allows state agencies to offer certain delinquent accounts for assignment to either the Oregon Department of Revenue (DOR) or to private collection agencies. If the state agency chooses a private collection agency, the private agency 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.

SB 89 A STAFF MEASURE SUMMARY

Senate Bill 89-A eliminates state agencies' choice to offer certain delinquent debts to either 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. The measure also clarifies how state agencies may request disclosure of social security numbers from debtors and prohibits using social security numbers for debt collection purposes without proper notice unless otherwise permitted by law.