

1 HB BILL NO. 96
 2 INTRODUCED BY Fager Williams
 3 BY REQUEST OF THE DEPARTMENT OF REVENUE

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO PERMIT THE
 6 DEPARTMENT OF REVENUE TO CONTRACT WITH COMMERCIAL COLLECTION
 7 AGENCIES FOR THE COLLECTION OF DEBTS OWED THE STATE BY
 8 DEBTORS RESIDING OUTSIDE THE STATE AND REQUIRING THE
 9 TRANSFER RATHER THAN ASSIGNMENT OF DEBTS FROM STATE AGENCIES
 10 TO THE DEPARTMENT OF REVENUE FOR COLLECTION; AMENDING
 11 SECTIONS 84-7104 THROUGH 84-7107, R.C.M. 1947."

12
 13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

14 Section 1. Section 84-7104, R.C.M. 1947, is amended to
 15 read as follows:

16 "84-7104. Circumstances where department must assist.
 17 Subject to, and in accordance with, rules and regulations
 18 adopted by the department, the department shall render
 19 assistance in the collection of accounts owing to any state
 20 agency if all of the following procedures have been
 21 completed to the satisfaction of the department:

22 (1) A state agency must make all reasonable efforts to
 23 collect money owed to it and must determine that the money
 24 and any interest or penalties therefor are uncollectible, in
 25 accordance with criteria for uncollectibility formulated by

1 that agency.

2 (2) Once a state agency has determined an account owed
 3 to it uncollectible, it shall certify to the department the
 4 amount of the money, interest, and penalties, as accurately
 5 as can be determined. The department may require submission
 6 by the agency of all relevant evidence and other information
 7 regarding the debt and may examine the records of any other
 8 state agency which may be pertinent in determining the
 9 uncollectibility of the debt, unless examination is
 10 specifically prohibited by law.

11 (3) If the department finds that the debt is
 12 uncollectible, in accordance with the criteria for
 13 uncollectibility of money due that state agency, the
 14 department shall direct the agency to write off the debt on
 15 its accounts and assign transfer the debt to the
 16 department."

17 Section 2. Section 84-7105, R.C.M. 1947, is amended to
 18 read as follows:

19 "84-7105. Authority of department to collect debt.
 20 Once a debt of a state agency has been assigned transferred
 21 to the department of revenue, the department shall have the
 22 authority to collect it, including the power to offset tax
 23 refunds due to individuals against the debt assigned
 24 transferred by the state agency to the department of
 25 revenue, provided the department may not exercise this right

1 of offset until the debtor has first been notified by the
2 department and given an opportunity for a hearing. The
3 department of revenue may contract with commercial
4 collection agencies for recovery of debts owing the state of
5 Montana by debtors residing outside the boundaries of the
6 state of Montana."

7 Section 3. Section 84-7106, R.C.M. 1947, is amended to
8 read as follows:

9 "84-7106. Agency owed debt to receive all moneys
10 collected. All moneys collected by the department of revenue
11 on debts assigned transferred to it by the various state
12 agencies shall be deposited to the account or fund of the
13 agency to which the debt was originally owing."

14 Section 4. Section 84-7107, R.C.M. 1947, is amended to
15 read as follows:

16 "84-7107. Write-off procedures. The department may
17 establish procedures for canceling and writing off accounts
18 receivable carried on the books of the various state
19 agencies, and which have been assigned transferred to the
20 department of revenue pursuant to section 84-7104, and which
21 are uncollectible or the continued pursuance of the
22 collection thereof would cost the state more than the amount
23 collected. Such procedures shall be established in
24 accordance with section 92-110."

-End-

STATE OF MONTANA

REQUEST NO. 22-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 10, 19 77, there is hereby submitted a Fiscal Note for House Bill 96 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION

This bill allows the department of revenue to contract with commercial collection agencies in recovering state owed debts outside the state boundaries.

ASSUMPTIONS

The collection section of the department of revenue estimates that if commercial collection agencies were utilized in order to recover debts owed the state by debtors residing out of state, \$63,000 in additional revenue would be collected in each of FY 78 and FY 79. These sums are net of any money paid collection services for their work.

The effort of the department of revenue would still be geared to collecting debts from in-state debtors; thus there would be no change in the cost of the program.

FISCAL IMPACT

The proposed legislation should result in approximately \$126,000 in additional collections by the bad debt program during the 1978-1979 program.

LONG-RANGE EFFECTS

This bill will allow the state to collect bad debts outside the state, whereas now collecting these debts is virtually impossible.

Richard L. Zhang for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-11-77

Approved by Committee
on State Administration

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that agency.

(2) Once a state agency has determined an account owed to it uncollectible, it shall certify to the department the amount of the money, interest, and penalties, as accurately as can be determined. The department may require submission by the agency of all relevant evidence and other information regarding the debt and may examine the records of any other state agency which may be pertinent in determining the uncollectibility of the debt, unless examination is specifically prohibited by law.

(3) If the department finds that the debt is uncollectible in accordance with the criteria for uncollectibility of money due that state agency, the department shall direct the agency to write off the debt on its accounts and assign transfer the debt to the department."

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 7 CONCERNS AS PROVIDED IN 82-1924."

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23 collection thereof would cost the state more than the amount
24 collected. Such procedures shall be established in
25 accordance with section 82-110."

-End-

March 15, 1977

SENATE
STANDING COMMITTEE REPORT
State Administration Committee

That House Bill No. 96, third reading, be amended as follows:

1. Amend page 3, section 2, lines 6 and 7.

Following: "Montana"

Strike: "WITH PREFERENCE GIVEN TO RESIDENT CONCERNS AS PROVIDED IN
82-1924"

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