

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By \_\_\_\_\_

1 AMEND House Committee Substitute for Senate Substitute for Senate Committee Substitute for  
2 Senate Bill No. 704, Page 2, Section 37.851, Line 20, by inserting after all of said section and line  
3 the following:  
4

5 "37.950. 1. There is hereby established the "State Obligation Recovery Center" within the  
6 department of revenue to recovery debt obligations owed to the state.

7 2. As used in this section, the following terms shall mean:

8 (1) "Account receivable cycle", the period of time, not to exceed one hundred eighty days,  
9 during which the center may attempt to collect on a debt before the debt is forwarded to a collection  
10 agency or agencies under subsection 10 of this section;

11 (2) "Center", the state obligation recovery center established in this section;

12 (3) "Debt", a legal obligation to pay moneys, including any principal, any interest that has  
13 accrued or will accrue until the debt is paid, any penalties, any costs, and any other charges  
14 permitted by law. The term "debt" also includes any obligation of any kind referred to the center for  
15 collection by any state agency or department;

16 (4) "Debtor", a person who is indebted to the state or a state agency or department for any  
17 delinquent accounts, charges, fees, loans, taxes, or other indebtedness due to the state, or any person  
18 that owes any obligation being collected by the center;

19 (5) "Referring entity", the entity referring the debt to the center for collection.

20 3. The center shall work to collect each bad debt referred to the center during the account  
21 receivable cycle. The character of the debt in the hands of the referring entity does not change by  
22 the referral of the debt to the center for collection. Among other powers granted by the section, the  
23 center may:

24 (1) Sue;

25 (2) File liens, as authorized under existing state law;

26 (3) Enter into payment agreements with debtors;

27 (4) Impose a cost recovery charge;

28 (5) Collect data for obligation recovery purposes;

29 (6) Establish and maintain a centralized electronic obligation registry;

30 (7) Exercise the settlement authority granted to it by the referring entity;

31 (8) Provide information to the department of revenue regarding the nonrenewal of  
32 registrations for motor vehicles, motorcycles, boats, or other conveyances;

33 (9) Provide information to any unit of the state regarding the nonrenewal of professional  
34 licenses;

35 (10) Use the referring entity's statutory collection authority to collect bad debt owed to the  
36 referring entity;

Standing Action Taken \_\_\_\_\_ Date \_\_\_\_\_

Select Action Taken \_\_\_\_\_ Date \_\_\_\_\_

1       (11) Set-off against any moneys to be paid by the state to a debtor for any obligation owed  
2 by the debtor;

3       (12) Contract with collection agencies for the recovery of an obligation on behalf of the  
4 center; and

5       (13) Utilize any other obligation recovery method authorized by state law.

6       4. The center may determine which method or combination is most suitable to recover the  
7 obligation.

8       5. A state debtor is prohibited from renewing, obtaining, or maintaining the following  
9 licenses or registrations unless the obligation and cost recovery charge is either paid in full or the  
10 debtor has entered into a payment plan with the center and the payment plan is current:

11       (1) Any registration for any motor vehicle, motorcycle, boat, or other conveyances; and

12       (2) Any professional license.

13       6. To fund its operations, the center shall collect a cost recovery charge, which shall be  
14 twenty percent of the principal amount of the obligation. All methods available to recover any  
15 obligation referred to the center are available to the center for the collection of the cost recovery  
16 charge. The center shall deposit the cost recovery fee into the state obligation recovery fund created  
17 in subsection 12 of this section and transfer any moneys collected from a debtor to the referring  
18 entity within thirty days after the end of the month in which the moneys were collected. If the  
19 amount recovered is less than the obligation and the cost recovery charge, the amount recovered  
20 shall be prorated between the referred obligation and the cost recovery charge.

21       7. Prior to transferring any obligation to the center, the referring entity shall send a final  
22 notification to the debtor that the obligation will be referred to the center and a twenty percent cost  
23 recovery charge will be added. Challenges to any obligation recovery by the center may be initiated  
24 only in writing and by the debtor.

25       8. The center shall keep any information regarding any obligation referred to the center  
26 confidential. Notwithstanding any provision of law, referring entities are authorized to transmit data  
27 to the center deemed necessary by the center to aid in the obligation recovery.

28       9. Any payment of any kind to be made to a debtor by the state, when the debtor has an  
29 obligation that is referred to the center, is subject to offset by the center unless the obligation and  
30 cost recovery charge is paid in full or the debtor has entered into a payment plan with the center and  
31 the payment plan is current.

32       10. If the center is unable to recover the referred obligation, the center, with the approval of  
33 the referring entity, may forward the obligation to a collection agency, which is permitted to add a  
34 collection charge.

35       11. The center shall annually report after conclusion of the prior fiscal year to the general  
36 assembly the activity of the center including the number of debts referred to the entity, the annual  
37 amount and nature of the debt obligations recovered by the center, the number of debts referred  
38 from the center to private collection agencies and the results of those referrals, and the cost and  
39 expenditures incurred by the center.

40       12. There is hereby created in the state treasury the "State Obligation Recovery Fund",  
41 which shall consist of moneys collected under subsection 6 of this section. The state treasurer shall  
42 be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may  
43 approve disbursements. The fund shall be a dedicated fund and, upon appropriation, moneys in the  
44 fund shall be used solely for the administration of this section. Notwithstanding the provisions of  
45 section 33.080, to the contrary, any moneys remaining in the fund at the end of the biennium shall  
46 not revert to the credit of the general revenue fund. The state treasurer shall invest moneys in the  
47 fund in the same manner as other funds are invested. Any interest and moneys earned on such  
48 investments shall be credited to the fund.

1       13. The center may promulgate rules to implement the provisions of this section. Any rule  
2 or portion of a rule, as that term is defined in section 536.010, that is created under the authority  
3 delegated in this section shall become effective only if it complies with and is subject to all of the  
4 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are  
5 nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to  
6 review, to delay the effective date, or to disapprove and annul a rule are subsequently held  
7 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after  
8 August 28, 2016, shall be invalid and void."; and  
9

10 Further amend said bill by amending the title, enacting clause, and intersectional references  
11 accordingly.