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**Nevada State Controller's Office**  
**Proposed Changes to Debt Collection Program**  
**AB 457 and AB 481**

**AB 457 – Proposed changes to Debt Collection**

Sec.	Proposed Change:	Reason:
2	Authorize the Controller's Office to adopt regulations necessary to carry out the provisions of NRS 353C. (NRS 353C.110)	Needed to achieve goal of centralized debt collection. Currently the Department of Administration and AG may jointly adopt regulations.
3	For periodic reports of debts owed to agencies, change to have the Controller's Office prescribe the time, form and manner of the reports. Amend so if a debt is proven to be owed to the State, the confidentiality statute does not apply unless superceded by a federal law. (NRS 353C.120)	Allows agency receiving the forms (Controller's Office) to change the form. Current NRS says Administration and AG shall prescribe form. To have uniform and consistent treatment of agencies.
5	Repeal the \$200 restriction for reimbursement of cost and fees for collection of certain debt. Increase the maximum charge to pass on to \$50,000. (NRS 353C.135)	More equitable to charge everyone uniformly for fees. Will save the State at least \$2,500 in fees per year. Can save the State up to \$25,000 for large settlements as current maximum is \$25,000.
5	If a debtor defaults on a payment plan and any payment lapses by a year, or a debtor had only made a partial payment as a settlement and a year lapses, allow the Controller's Office to calculate and add on fees again even if the maximum fees were already reached. (NRS 353C.135)	Creates an incentive for a debtor to adhere to their payment plan and allows the State of Nevada to start the collection process over if a year lapses without payment.
6	Make assigning debt collection to the Controller's Office mandatory instead of optional, excluding the Department of Taxation. (NRS 353C.195)	Needed to achieve goal of centralized debt collection and obtain economies of scale. Also makes it unnecessary to complete an interlocal agreement for every agency.
9	Eliminate sunset on pilot program of withholding licenses with DMV and Wildlife. (AB 314)	Withholding licenses gives additional leverage to use when collecting debt.

**AB 457 – Proposed changes to Debt Collection**

<b>Sec.</b>	<b>Proposed Addition:</b>	<b>Reason:</b>
1	Authority to not refund overpayments under \$35 unless requested by payor.	Some debtor's round off the amount they are paying. Checks for less than \$1 are refunded and the estimated cost to issue one check is between \$4 and \$5.
6	When an agency turns over a debt to the Controller's Office, the agency will stop accruing additional fees except for interest charges at a rate to be determined by the Controller's Office.	To insure uniform and consistent treatment among agencies. Will also save time in reconciling accounts turned over to debt collection vendors to agency's accounts.
8	Authority to write off uncollectible debts under \$500 and debts where the cost to collect exceeds the debt.	This process will not keep the account from being collected at a later date if the debt later is determined to be collectable.

**AB 481 – Proposed changes to Debt Collection**

<b>Sec.</b>	<b>Proposed Addition:</b>	<b>Reason:</b>
2	Create program of withholding professional licenses (in addition to DMV and Wildlife licenses).	Withholding professional licenses gives additional leverage when collecting debt.
3	Allow the Controller's Office to develop consistent statewide standards for fees, fines, statute of limitations and ability to charge a returned check fee. The statewide standards to supercede individual agency's statutes excluding the Department of Taxation and Gaming Control.	To have uniform and consistent treatment among agencies.

**State of Nevada Controller's Office  
Debt Collection Program as of April 4, 2003**

	<u>\$ Amount</u>	<u>Amount Collected</u>	<u>% Collected</u>
Accounts turned over to OSI	\$ 5,957,063.48	\$ 1,315,051.43	22.08%
Accounts turned over to RecoverMetrics	1,600,517.00	6,245.32	0.39%
Amounts collected by the Controller's Office		<u>324,608.29</u>	
 Total amount collected		 <u><u>\$ 1,645,905.04</u></u>	

Total fees paid for collection were \$154,518 of which debtors paid \$148,776.

The Controller's Office is collecting \$286.64 for each dollar paid to a collection agency.

**INTERLOCAL CONTRACTS SIGNED WITH CONTROLLER'S OFFICE**

1. Dept of Motor Vehicles
2. Dept of Business & Industry
3. Dept of Agriculture
4. Dept of Conservation & Natural Resources
5. Dept of Taxation
6. Private Investigators Licensing Board
7. Commission on Economic Development
8. Dept of Transportation
9. Public Employees Benefits Program
10. Commission on Ethics
11. Human Resources Welfare Division, Child Support Overpayments

**State Controller's Office Centralized Debt Collection Totals  
As of April 4, 2003**

<b>Debt Category</b>		<b>Amount</b>
Warrant Offset/Vendor Hold	\$	234,532.68
Payroll	\$	34,441.92
Controller - DMV	\$	55,633.69
OSI - DMV Licenses	\$	1,311,627.82
OSI -DMV Motor Carrier )	\$	529.43
OSI - NDOT	\$	2,894.18
Recover Metrics	\$	6,245.32
<b>Total Collected</b>	<b>\$</b>	<b>1,645,905.04</b>

<b>Payroll Debt Collection</b>		<b>Amount</b>
Total Payroll Debt	\$	323,818.02
Total Referred to Controller	\$	162,982.44
Total Collected	\$	34,441.92
Total Referred to Collections	\$	82,176.83
Total Written Off *	\$	11,378.02

\* 99% over the statute of limitations

<b>Debt Outstanding Over 60 Days</b>		<b>Amount</b>
Department of Taxation	\$	69,684,681.03
Other Agencies	\$	47,560,844.29
Internal Service Funds	\$	1,161,750.06
<b>Total Outstanding **</b>	<b>\$</b>	<b>118,407,275.38</b>

\* As of 12/31/02 Account Receivables Quarterly Report

EXHIBIT D  
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