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Nevada State Controller's Office

Proposed Changes to Debt Collection Program AB 457 and AB 481

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ASSEMBLY WAYS AND MEANS
DATE: 5-12-03 ROOM: 3137 EXHIBIT C
SUBMITTED BY: State Controller

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 Amend so if a debt is proven to be owed to the State, the confidentiality statute does not apply unless superceded by a federal law.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	Increase the maximum charge to pass on to \$50,000. (NRS 353C.135)	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

Sec.	Proposed Addition:	Reason:
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

Sec.	Proposed Addition:	Reason:
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 May 9, 2003**

	<u>\$ Amount</u>	<u>Amount Collected</u>	<u>% Collected</u>
Accounts turned over to OSI:			
DMV	5,553,797.00	\$ 1,414,612.79	25.47%
Motor Carrier	213,842.00	529.43	0.25%
NDOT	59,071.00	2,894.18	4.90%
B & I	52,793.00		0.00%
Attorney General	34,288.18		0.00%
Payroll	92,972.31	730.38	0.79%
Economic Development	1,800.00		0.00%
Total	<u>6,008,563.49</u>	<u>1,418,766.78</u>	<u>23.61%</u>
Accounts turned over to RecoverMetrics:			
DMV	842,517.00		0.00%
Motor Carrier	354,921.00		0.00%
B & I	352,972.00	6,245.32	1.77%
EPA	500,000.00		0.00%
Total	<u>2,050,410.00</u>	<u>6,245.32</u>	<u>0.30%</u>
Amounts collected by the Controller's Office			
DMV		55,633.69	
Payroll		34,600.51	
Taxation		12,930.61	
DETR		73,890.38	
Labor Commission		152,142.84	
Total		<u>329,198.03</u>	
Total amount collected		<u><u>\$ 1,754,210.13</u></u>	

As a result of the \$200 limit for cost and fee reimbursement the state has paid \$5,703 in fees. Total fees paid for collection were \$169,828 of which debtors paid \$161,002.

The Controller's Office is collecting \$198.22 for each dollar paid to a collection agency.

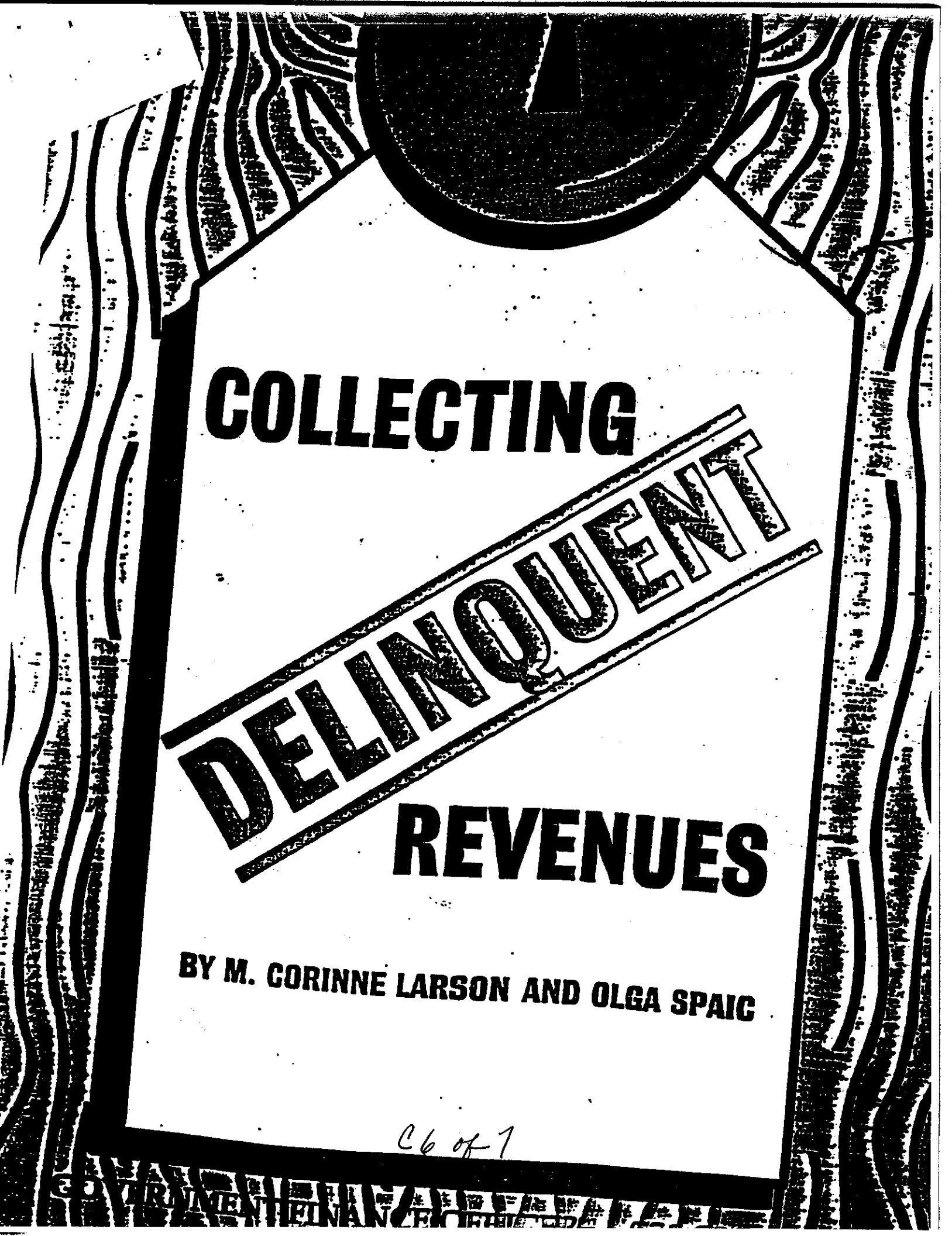
Receivable Report 12/31/02 To Date:

<u>Current</u>	<u>31-60</u>	<u>Over 60</u>	<u>Total</u>
25,622,353.96	3,730,497.43	118,407,275.38	147,760,126.77

**State of Nevada Controller's Office
Debt Collection Program as of May 9, 2003**

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
12. State Emergency Response Commission



COLLECTING
DELINQUENT
REVENUES

BY M. CORINNE LARSON AND OLGA SPAIC

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GOVERNMENT FINANCE

Centralized Collection Programs. A key issue in the collection process, especially for larger governmental entities, is the need for centralization. A decentralized collection process often leads to a fragmented and less efficient collection operation, particularly in collecting *delinquent* revenues. Many jurisdictions have responded to this potential problem by centralizing the revenue collection function and designating overall responsibility for collecting delinquent accounts to one person in the organization, e.g., the treasurer, tax collector, finance director or, in some cases, the jurisdiction's legal department. In many instances, smaller governments already function in a cohesive manner by virtue of their size. Regardless of a government's size or other characteristics, implementation of an efficient, well-conceptualized delinquent revenue collection program will produce positive results.

Advantages of a centralized delinquent revenue collection program include:

- A dedicated staff whose primary function is collecting, who is trained in professional collection techniques, and who is familiar with federal, state, and local laws governing collection practices;
- Uniform and consistent collection efforts, often as simple as computer-generated dunning letters, that indicate the jurisdiction is serious about collecting revenues owed;
- Consolidation of accounts that combines debts of one debtor from several departments, centralizes information on a debtor who may use various names, or identifies other responsible parties;
- Offsetting a debt by reducing or eliminating the amount of a payment due, where permitted by law or custom;
- Refusal of services to citizens or groups with poor payment histories, thereby preventing a collection problem. For example, collection staff can check references or credit histories on individuals or groups requesting police and fire services for parades, concerts, etc.; and
- Economies of scale and increased efficiency which make the use of credit reporting services feasible and profitable, and increasing the accountability of staff, which results in obtaining better information when an account is opened; preventing other departments from setting up payment schedules or other payment arrangements; and referring accounts to the collection staff on a more timely basis.

Whether or not a government chooses to centralize revenue collections, it is important that overall responsibility for the collection of delinquent accounts be assigned to a single individual in the organization. Other aspects of a successful collection program include support from the top of the organization and cooperation from other departments.