

SECOND REGULAR SESSION

# HOUSE BILL NO. 2620

## 98TH GENERAL ASSEMBLY

---

INTRODUCED BY REPRESENTATIVE JONES.

6247H.011

D. ADAM CRUMBLISS, Chief Clerk

---

### AN ACT

To amend chapter 37, RSMo, by adding thereto one new section relating to an obligation recovery center for state agencies.

---

*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 37, RSMo, is amended by adding thereto one new section, to be known as section 37.950, to read as follows:

**37.950. 1. There is hereby established the "State Obligation Recovery Center" within the office of administration to recovery debt obligations owed to the state.**

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

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

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

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

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

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

**3. The center shall work to collect each bad debt referred to the center during the account receivable cycle. The character of the debt in the hands of the referring entity does**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 **not change by the referral of the debt to the center for collection. Among other powers**  
19 **granted by the section, the center may:**

20 **(1) Sue;**

21 **(2) File liens;**

22 **(3) Enter into payment agreements with debtors;**

23 **(4) Impose a cost recovery charge;**

24 **(5) Collect data for obligation recovery purposes;**

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

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

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

29 **(9) Provide information to any unit of the state regarding the nonrenewal of**  
30 **professional licenses;**

31 **(10) Use the referring entity's statutory collection authority to collect bad debt**  
32 **owed to the referring entity;**

33 **(11) Establish and maintain a financial institution data match system;**

34 **(12) Set-off against any moneys to be paid by the state to a debtor for any**  
35 **obligation owed by the debtor;**

36 **(13) Contract with collection agencies for the recovery of an obligation on behalf**  
37 **of the center; and**

38 **(14) Utilize any other obligation recovery method authorized by state law.**

39 **4. The center may determine which method or combination is most suitable to**  
40 **recover the obligation.**

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

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

47 **(2) Any professional license.**

48 **6. To fund its operations, the center shall collect a cost recovery charge, which shall**  
49 **be twenty percent of the principal amount of the obligation. All methods available to**  
50 **recover any obligation referred to the center are available to the center for the collection**  
51 **of the cost recovery charge. The center shall deposit the cost recovery fee into the state**  
52 **obligation recovery fund created in subsection 12 of this section and transfer any moneys**  
53 **collected from a debtor to the referring entity within thirty days after the end of the month**

54 in which the moneys were collected. If the amount recovered is less than the obligation and  
55 the cost recovery charge, the amount recovered shall be prorated between the referred  
56 obligation and the cost recovery charge.

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

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

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

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

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

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

87 13. The center may promulgate rules to implement the provisions of this section.  
88 Any rule or portion of a rule, as that term is defined in section 536.010, that is created  
89 under the authority delegated in this section shall become effective only if it complies with

90 **and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.**  
91 **This section and chapter 536 are nonseverable, and if any of the powers vested with the**  
92 **general assembly pursuant to chapter 536 to review, to delay the effective date, or to**  
93 **disapprove and annul a rule are subsequently held unconstitutional, then the grant of**  
94 **rulemaking authority and any rule proposed or adopted after August 28, 2016, shall be**  
95 **invalid and void.**

✓