

HB 2620 -- STATE OBLIGATION RECOVERY CENTER

SPONSOR: Jones

This bill establishes the State Obligation Recovery Center for the purpose of recovering any debt obligations owed to the state. The center will attempt to collect each bad debt referred to it during the account receivable cycle by suing, filing liens, entering into payment agreements or any other means specifically stated in the bill. Any payment of any kind to be made to a debtor by the state, when the debtor has an obligation that is referred to the center, is subject to offset by the center unless the obligation and cost recovery charge is paid in full or the debtor has entered into a payment plan with the center and the payment plan is current. A state debtor will be prohibited from obtaining, maintaining or renewing certain state licenses or registrations until his or her debt obligation has been paid in full or he or she has entered into a payment plan with the center. If the center is unable to recover the referred obligation, the center, with the approval of the referring entity, may forward the obligation to a collection agency, which is permitted to add a collection charge.

To fund its operations the center shall collect a cost recovery charge of 20% of the principal amount of the debt. Prior to transferring any obligation to the center, the referring entity must send a final notification to the debtor, explaining the referral and recovery charge. The State Obligation Recovery Fund is created and consists of moneys collected by the Obligation Recovery Center. The State Treasurer will be custodian of the fund and may approve disbursements. Moneys in the fund shall be used solely for the administration of this bill.