

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

H

1

HOUSE BILL 124

Short Title: Statewide Accounts Receivable Program.

(Public)

Sponsors: Representatives Jarrell, Gamble, Justus, Luebke, and Tallent.

Referred to: Finance.

February 10, 1993

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A STATEWIDE PROGRAM TO IMPROVE THE  
3 COLLECTION OF ACCOUNTS RECEIVABLE BY THE STATE.

4 The General Assembly of North Carolina enacts:

5 Section 1. Chapter 147 of the General Statutes is amended by adding a new  
6 Article to read:

7 **"ARTICLE 6B.**

8 **"STATEWIDE ACCOUNTS RECEIVABLE PROGRAM.**

9 **"§ 147-86.20. Definitions.**

10 The following definitions apply in this Article:

- 11 (1) Account Receivable. – An amount that a person owes the State and  
12 that has not been received by the State agency servicing the debt. The  
13 term includes claims, damages, fees, fines, forfeitures, loans,  
14 overpayments, and tuition as well as penalties, interest, and other costs  
15 authorized by law.
- 16 (2) Debtor. – A person who owes an account receivable.
- 17 (3) Past Due. – An account receivable is past due if the State has not  
18 received payment of it by the payment due date.
- 19 (4) Person. – An individual, a fiduciary, a firm, a partnership, an  
20 association, a corporation, a unit of government, or another group  
21 acting as a unit.
- 22 (5) State Agency. – Defined in G.S. 147-64.4(4). The term does not  
23 include, however, a community college, a local school administrative

1                    unit, or an area mental health, developmental disabilities, or substance  
2                    abuse authority.

3                    (6) Write-off. – To remove an account receivable from a State agency's  
4                    accounts receivable records.

5 **"§ 147-86.21. State agencies to collect accounts receivable.**

6                    A State agency shall take all cost-effective and appropriate actions to collect all  
7 accounts receivable. A State agency shall establish internal policies and procedures for  
8 management and collection of accounts receivable in accordance with policies and  
9 procedures adopted by the State Controller.

10 **"§ 147-86.22. Statewide accounts receivable program.**

11                    (a) Program. – The State Controller shall implement a statewide accounts  
12 receivable program. As part of this program, the State Controller shall do all of the  
13 following:

14                    (1) Monitor the State's accounts receivable collection efforts.

15                    (2) Coordinate information, systems, and procedures between State  
16 agencies to maximize the collection of past-due accounts receivable.

17                    (3) Adopt policies and procedures for management and collection of  
18 accounts receivable by State agencies.

19                    (4) Establish procedures for writing off accounts receivable and for  
20 determining when to end efforts to collect accounts receivable after  
21 they have been written off.

22                    (b) Credit Card Payment. – The State Controller may establish policies that allow  
23 accounts receivable to be payable under certain conditions, with the concurrence of the  
24 State Treasurer, by credit card. A debtor's payment by credit card shall include a fee  
25 equal to any discount charged by the credit card issuer.

26                    (c) Collection Techniques. – The State Controller, in conjunction with the Office  
27 of the Attorney General, shall establish policies and procedures to govern techniques for  
28 collection of accounts receivable. These techniques may include use of credit reporting  
29 bureaus, collection agencies, judicial remedies authorized by law, and administrative  
30 setoff by a reduction of an individual's tax refund pursuant to the Setoff Debt Collection  
31 Act, Chapter 105A of the General Statutes, or a reduction of another payment, other  
32 than payroll, due from the State to a person to reduce or eliminate an account receivable  
33 that the person owes the State.

34 **"§ 147-86.23. Interest, fees, and penalties.**

35                    A State agency shall charge interest at the rate established pursuant to G.S. 105-  
36 241.1(i) on a past-due account receivable from the date the account receivable was  
37 due until it is paid. A State agency shall add to a past-due account receivable a fee to  
38 cover the administrative costs of collection and a late payment penalty of no more than  
39 ten percent (10%) of the account receivable. A State agency may waive a late-payment  
40 penalty for good cause shown.

41 **"§ 147-86.24. Debtor information and skip-tracing.**

42                    A State agency shall collect from clients and debtors minimum identifying  
43 information as prescribed by the State Controller. A State agency shall use all available  
44 debtor information to skip-trace debtors as prescribed by the State Controller.

1       The State Controller shall establish procedures to give the State Controller access to  
2 information that is in the custody of a State agency and could assist in the collection of  
3 accounts receivable owed to another State agency. A State agency that has this  
4 information shall cooperate with the State Controller in giving the State Controller  
5 access to the information. If the information is contained in an electronic database, the  
6 State agency shall provide the State Controller on-line electronic access upon request.

7 **"§ 147-86.25. Setoff debt collection.**

8       The State Controller shall implement a statewide setoff debt collection program to  
9 provide for collection of accounts receivable that have been written off. The statewide  
10 setoff debt collection program shall not include accounts receivable owed to The  
11 University of North Carolina. The University of North Carolina may, with the approval  
12 of the State Controller, implement a university-wide setoff debt collection program to  
13 provide for collection of accounts receivable that have been written off by The  
14 University of North Carolina. The statewide program and the university-wide program  
15 shall supplement the Setoff Debt Collection Act, Chapter 105A of the General Statutes,  
16 and shall provide for written-off accounts receivable to be set off against payments the  
17 State owes to debtors, other than payments of individual income tax refunds and  
18 payroll. A program shall provide that, before final setoff can occur, the State agency  
19 servicing the debt must notify the debtor of the proposed setoff and of the debtor's right  
20 to contest the setoff through an administrative hearing and judicial review conducted  
21 under Articles 3 and 4, respectively, of Chapter 150B of the General Statutes.

22 **"§ 147-86.26. Allocation of collections.**

23       Except as required by federal law for accounts receivable related to programs  
24 supported by federal funds, the Office of State Controller may withhold a percentage of  
25 the funds collected from past-due accounts receivable to offset its costs of collecting  
26 past-due accounts receivable. The State Controller shall allocate the balance of the  
27 funds collected on a proportional basis to the State agencies that generated the accounts  
28 receivable.

29 **"§ 147-86.27. (Effective July 1, 1994) Reporting requirements.**

30       A State agency shall provide the State Controller a complete report of the agency's  
31 accounts receivable at least quarterly, or more frequently as required by the State  
32 Controller. The State Controller shall use the information provided by a State agency  
33 and any additional information available to compile a summary report of the agency.  
34 The State Controller shall provide copies of these summary reports annually to the  
35 Governor, the Legislative Services Commission of the General Assembly, and each  
36 State agency. Each summary report shall include the following:

- 37           (1) The type of accounts receivable owed to the State agency.
- 38           (2) An aging of the accounts receivable.
- 39           (3) Any attempted collection activity and any costs incurred in the  
40               collection process.
- 41           (4) Any accounts receivable that have been written off.
- 42           (5) Any additional information the State Controller considers useful.

43 **"§ 147-86.28. Rules.**

44       A State agency may adopt rules to implement this Article."

1           Sec. 2. G.S. 143B-426.39 is amended by adding a new subdivision to read:

2           "(9a)   Implement a statewide accounts receivable program in accordance  
3           with Article 6B of Chapter 147 of the General Statutes."

4           Sec. 3. G.S. 96-4(t)(1) reads as rewritten:

5           "(1)    Confidentiality of Information Contained in Records and Reports.  
6           – (i) Except as hereinafter otherwise provided, it shall be unlawful  
7           for any person to obtain, disclose, or use, or to authorize or permit  
8           the use of any information which is obtained from any employing  
9           unit or individual pursuant to the administration of this Chapter.  
10          (ii) Any claimant or employer or their legal representatives shall  
11          be supplied with information from the records of the Employment  
12          Security Commission to the extent necessary for the proper  
13          presentation of claims or defenses in any proceeding under this  
14          Chapter. Notwithstanding any other provision of law, any  
15          claimant may be supplied, subject to restrictions as the  
16          Commission may by regulation prescribe, with any information  
17          contained in his payment record or on his most recent monetary  
18          determination, and any individual, as well as any interested  
19          employer, may be supplied with information as to the individual's  
20          potential benefit rights from claim records. (iii) Subject to  
21          restrictions as the Commission may by regulation provide,  
22          information from the records of the Employment Security  
23          Commission may be made available to any agency or public  
24          official for any purpose for which disclosure is required by statute  
25          or regulation. (iv) The Commission may, in its sole discretion,  
26          permit the use of information in its possession by public officials  
27          in the performance of their public duties. (v) The Commission  
28          shall release the payment and the amount of unemployment  
29          compensation benefits upon receipt of a subpoena in a proceeding  
30          involving child support. (vi) The Commission shall furnish to the  
31          State Controller any information the State Controller needs to  
32          prepare and publish a comprehensive annual financial report of  
33          the ~~State~~ State or to track debtors of the State."

34           Sec. 4. G.S. 147-86.27, as enacted by Section 1 of this act, becomes effective  
35   July 1, 1994. The remainder of this act becomes effective July 1, 1993. The interest,  
36   fees, and penalties authorized by G.S. 147-86.23, as enacted by Section 1 of this act,  
37   apply to debts incurred on or after July 1, 1993.