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A. Purpose and Scope

This item describes the policies and procedures prescribed by the Director of the Budget for State agencies referring debts to the Attorney General's Office for further collection efforts. These policies and procedures do not refer to medical debts (see Item K-030 for referral policies regarding medical accounts receivable).

B. Circumstances for Referring a Past-Due Account Receivable to the Attorney General's Office

1. 30 to 120 Days Past-Due

   A State agency may choose to refer a past-due account receivable to the Attorney General's Office for further collection efforts when the account is 30 to 120 days past-due.

2. 121 Days Past-Due

   When a debt between $500 and $999 becomes 121 days past-due, the State agency <u>must refer</u> the debt to the Attorney General's Office or a private collection agency, unless one of the following conditions is met:

   - **!** The debt has already been certified to the Department of Taxation and Finance as past-due and legally enforceable;
   - **!** A deferred payment arrangement has been established and the debtor is meeting the conditions of the deferred payment arrangement;
   - **!** The debt is the subject of an agency adjudicatory or administrative proceeding;
   - **!** The debt is the subject of a legal action; or
   - **!** Federal or State statute or regulation prescribes a different collection sequence.

   When a debt $1,000 or over becomes 121 days past-due and does not meet any of the above conditions, the agency must refer the debt to the Attorney General's Office. Subject to the approval of the Division of the Budget, a State agency may refer these debts to an alternate collection entity if it can demonstrate that such alternative is more appropriate or cost-effective. The Division of the Budget may solicit comments from the Attorney General's Office prior to taking action on such requests.

In addition, unless provided otherwise in Federal or State statute or regulation, a State agency must refer any debt for which legal action has been taken or is required, regardless of the amount, to the Attorney General's Office.

Any exceptions to this policy are subject to the approval of the Division of the Budget.

C. Procedure

In order for the Attorney General's Office to pursue efficient collection methods and possibly certify a debt to the Department of Taxation and Finance for offset of State payments, a State agency must submit certain information when it refers a debt to the Attorney General's Office. This information may include:

1. Debt Information

   a. Account number;
   b. Amount outstanding;
   c. Original amount;
   d. Date incurred;
   e. Due date;
   f. Nature of debt;
   g. Amount of any additional penalties (e.g., interest, collection fees);
   h. Date of assessment of penalties;
   i. Amount of any partial payments; and
   j. Date of partial payments.

2. Debtor Information

   <u>Individual</u>

   a. Name;
   b. Social Security Number;
   c. Date of birth;
   d. Home and work addresses; and
   e. Home and work telephone numbers.

   <u>Business</u>

   a. Business name;
   b. Employer Identification Number;
   c. Type of business;
   d. Address;

e. Telephone number; and
f. Authorized representative, name, title, and telephone number.

3. Collection Efforts

a. State agency collection efforts (e.g., bills, payment request letters, telephone calls);
b. Date of State agency's collection efforts;
c. If applicable, a description and date of collection efforts by an external entity (e.g., private collection agency, Department of Taxation and Finance); and
d. Copies of any written correspondence from the debtor, signed documents from the debtor acknowledging the debt, and deferred payment arrangements.

D. Actions of the Attorney General's Office

Once the Attorney General's Office receives a debt from a State agency, the Attorney General's Office shall send written confirmation to the creditor State agency acknowledging receipt of each past-due account. Thereafter, the Attorney General's Office will pursue appropriate collection methods, including seeking a judgment when appropriate. Enforcement of a judgment may include, but not be limited to, garnishment of wages, freezing of bank accounts and attaching a lien on property (e.g., a house and car). The Attorney General's Office retains its general authority to settle, compromise, or waive collection of a **litigated** account when it deems such action to be in the State's best interest.

The Attorney General's Office may also certify debts to the Department of Taxation and Finance for offset of State payments. Certification of a past-due legally enforceable debt by the Attorney General's Office may occur without a judgment.

The Attorney General's Office sends monthly reports to the creditor State agency detailing that status of all accounts for which the Attorney General's Office has received (e.g., full or partial payment, entered into a deferred payment agreement, written-off, discharged, compromised, settled, certified to the Department of Taxation and Finance, or no activity).