

1 COMMITTEE SUBSTITUTE

2 FOR

3 **Senate Bill No. 504**

4 (By Senators Edgell, Barnes, Facemire and Yost)

5 _____
6 [Originating in the Committee on Government Organization;
7 reported February 13, 2014.]
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9 A BILL to amend the Code of West Virginia, 1931, as amended, by
10 adding thereto a new article, designated §14-1A-1, §14-1A-2,
11 §14-1A-3, §14-1A-4, §14-1A-5, §14-1A-6 and §14-1A-7, all
12 relating to creating the Debt Resolution Services Division
13 within the Auditor's Office; establishing the powers and
14 duties of the division; providing rule-making authority to the
15 Auditor; authorizing transaction fees; requiring state
16 spending units to use the division; exceptions; creating the
17 Debt Resolution Services Fund; and authorizing expenditures
18 from the fund.

19 *Be it enacted by the Legislature of West Virginia;*

20 That the Code of West Virginia, 1931, as amended, be amended
21 by adding thereto a new article, designated §14-1A-1, §14-1A-2,
22 §14-1A-3, §14-1A-4, §14-1A-5, §14-1A-6 and §14-1A-7, all to read as

1 follows:

2 **ARTICLE 1A. DEBT RESOLUTION SERVICE.**

3 **§14-1A-1. Purpose.**

4 The purpose of this article is to provide for a timely and
5 efficient mechanism for the collection of outstanding delinquent
6 debt due the state from vendors.

7 **§14-1A-2. Definitions.**

8 For the purpose of this article the following words have the
9 meanings indicated:

10 (1) "Debt" means an obligation owed the state that a spending
11 unit has not been able to collect within one hundred eighty days of
12 the date on which the obligation was created.

13 (2) "Division" means the Debt Resolution Services Division.

14 (3) "Fund" means the Debt Resolution Services Fund.

15 (4) "Offset" means the capture and diversion of a payment due
16 a vendor from the state to satisfy an outstanding delinquent debt
17 owed by the vendor to the state.

18 (5) "United States Treasury Offset Program" means the
19 reciprocal debt collection offset program between the federal
20 government and the State of West Virginia authorized by section
21 thirty-seven, article one, chapter fourteen of this code.

22 **§14-1A-3. Debt Resolution Services Division.**

23 The Auditor is authorized to establish a Debt Resolution
24 Services Division. The Debt Resolution Services Division is

1 authorized to:

2 (1) Identify and offset state payments due to vendors that owe
3 delinquent debts to the state;

4 (2) Administer the United States Treasury Offset Program
5 established pursuant to section thirty-seven, article one, chapter
6 fourteen of this code;

7 (3) Adopt procedures, forms and agreements, prescribed by the
8 Auditor, to effectuate the provisions of this article; and

9 (4) Perform any other duties as directed by the Auditor.

10 **§14-1A-4. Auditor's rule-making authority.**

11 The Auditor shall propose rules for legislative approval
12 pursuant to the provisions of article three, chapter twenty-nine-a
13 of this code, necessary to administer the provisions of this
14 article.

15 **§14-1A-5. Transaction fees.**

16 (a) The Auditor may assess an administrative fee for the
17 collection of an outstanding delinquent debt through offset. The
18 administrative fee may not exceed twenty-five percent of the
19 outstanding delinquent debt collected on behalf of the spending
20 unit.

21 (b) Notwithstanding any other provision of this code to the
22 contrary, the Auditor may also assess an administrative fee for
23 collections performed pursuant to participation in the United
24 States Treasury Offset Program. The administrative fee may be in

1 an amount equal to the fee assessed by the United States Treasury
2 Bureau of the Fiscal Service for collections performed by them
3 pursuant to that program.

4 (c) The administrative fees authorized by this section shall
5 be added to the outstanding delinquent debt and collected in the
6 same manner as the debt.

7 **§14-1A-6. Requirement for state agencies; exception.**

8 (a) All spending units of the state are required to refer
9 outstanding delinquent debt to the Debt Resolution Services
10 Division for consideration for offset.

11 (b) The division shall review the debt and either:

12 (1) Accept the transfer of the debt from a spending unit which
13 qualifies for offset; or

14 (2) Refuse the transfer of the debt from a spending unit which
15 does not qualify for offset.

16 (c) The provisions of this section are not applicable to the
17 State Tax Commissioner and any state agency exempted by law.

18 **§14-1A-7. Debt Resolution Services Fund created.**

19 (a) There is hereby created a special revenue revolving fund
20 in the State Treasury designated the Debt Resolution Services Fund.
21 All administrative fees and money received by the Auditor for
22 services rendered pursuant to this article, and any interest or
23 other return earned on the money, shall be deposited in the fund.

24 (b) The money from the fund shall be used by the Auditor to

1 pay all expenses related to the operation of the Debt Resolution
2 Services Division and may be used to pay expenses related to the
3 general operation of the Auditor's Office.

4 (c) Expenditures from the fund shall be made in accordance
5 with appropriations by the Legislature pursuant to the provisions
6 of article three, chapter twelve of this code, and upon fulfillment
7 of the provisions set forth in article two, chapter five-a of this
8 code.