**R21. Government Operations, Debt Collection.**

**R21-1. Transfer of Collection Responsibility of State Agencies.**

**R21-1-1. Purpose.**

The purpose of this rule is to establish:

(1) collection techniques used by OSDC; and

(2) procedures for agencies to:

(a) bill and make initial collection efforts according to a coordinated schedule;

(b) transfer their delinquent accounts receivable to OSDC for additional collection action;

(c) write-off receivables; and

(d) allocate the costs of collection established under Subsections 63A-3-502(4)(g), 63A-3-502(6)(b), Section 15-1-4, and other applicable laws.

**R21-1-2. Authority.**

This rule is established under Section 63A-3-504.

**R21-1-3. Definitions.**

(1) "Accounts receivable" or "receivable" means the same as defined in Section 63A-3-501.

(2) "Administrative offset" means the same as defined in Section 63A-3-501.

(3) "Criminal accounts receivable" means the same as defined in Section 63A-3-501.

(4) "Delinquent" means any account receivable for which the state has not received payment in full by the payment due date.

(5) "Event" means the day that goods are purchased, services are completed, or fines, fees, and assessments are due.

(6) "FINET" means the statewide accounting system centrally administered by the Division of Finance.

(7) "OSDC" means the Office of State Debt Collection, created under Section 63A-3-502.

(8) "Payment due date" means the date by which the agency requires payment for the account receivable that an individual, corporation, partnership, or organization has incurred.

(9) "Postjudgment interest" means interest that is accrued according to the rate described in Subsection 15-1-4(3)(a).

(10) "Trust" means a receivable that is owed to a victim of a crime.

(11) "Write-off" means the same as defined in Section 63A-3-501.

**R21-1-4. Agency Billing and Collection Responsibility.**

(1) Each agency shall document and track agency each receivable in FINET.

(a) An agency may request an exemption from using FINET from the Division of Finance and OSDC.

(b) An agency exempted under this section shall:

(i) track each receivable in the agency's system;

(ii) provide OSDC with a receivable report each month that contains the information described in Subsection 63A-3-502(7)(g); and

(iii) provide each receivable report within 45 days after the quarter ends.

(2) A customer shall be billed:

(a) within 10 days from the event that created the receivable; or

(b) if the event is recurring, within the next billing cycle.

(3) The payment due date shall be within 30 days of the event date unless the agency can show that this timeframe does not meet its business needs.

(4) If payment is not received within 10 days after the payment due date, the agency shall contact the customer for payment by phone or written notice.

(5) Each agency shall review and comply with the statewide accounting policies for receivables, which are available on the Division of Finance website, finance.utah.gov.

**R21-1-5. Transfer of Collection Responsibility.**

(1) An agency with any delinquent account shall comply with Subsection 63A-3-502(7) unless not allowed by current state or federal statute or regulation.

(2) An agency or user of services shall transfer collection responsibility to OSDC if the account receivable:

(a) is not paid within 90 days of the initial billing; or

(b) is delinquent 61 days.

(3) An agency may negotiate a different receivable transfer date with OSDC by explaining how the state would benefit from the negotiated transfer date.

**R21-1-6. Format for Transfer of Accounts Receivable Data.**

(1) An agency shall transfer any delinquent account to OSDC electronically through FINET.

(2) An agency exempted from using FINET for individual receivables shall work with OSDC to generate an electronic placement file for transferring the delinquent account.

(3) An agency transferring a delinquent account must also provide:

(a) personally identifiable information for each liable party; and

(b) if available, a federal tax identification number for each liable party.

**R21-1-7. Interest and Fees.**

(1) Subsection 63A-3-502(4)(g) authorizes OSDC to assess and collect interest and fees. Interest and fee calculation and payment priority for accounts receivable collected by OSDC shall be applied according to the following methodology, except as specified in Subsections R21-1-10(2) and R21-1-10(3):

(2) A fee that covers the administrative costs of collection shall be charged on each account referred for collection. This fee is called the collection fee.

(a) The cost of this fee shall be calculated as a percent of the sum of the receivable balance referred for collection plus the late penalty described in Subsection R21-1-7(3).

(b) This fee shall be paid first from each payment, up to a percentage determined by OSDC.

(c) The collection fee accrues on the unpaid principal balance of the receivable.

(3) A late penalty fee as described in Subsection 63A-3-502(4)(g)(ii) shall be calculated as a percent of the receivable balance referred for collection.

(a) Two percent of each payment shall be applied to the outstanding penalty until the penalty is paid in full.

(b) The calculated penalty amount shall be paid after the collection fee is determined and paid.

(4) Two types of interest shall be charged on each account referred to OSDC: postjudgment interest and OSDC interest.

(a) Postjudgment interest applies to a receivable with a judgment established by the courts.

(i) Postjudgment interest accrues on the unpaid principal balance of the receivable.

(ii) Postjudgment interest that accrues on a trust or the trust portion of a receivable shall be paid before the state's outstanding receivable.

(b) OSDC interest applies to a receivable without a judgment as described in Subsection 63A-3-502(4)(g)(iii)(B).

(i) OSDC accrued interest shall be paid from each payment up to 5% of the payment after the payment of the collection fee and 2% penalty.

(ii) OSDC interest accrues on the unpaid principal balance of the receivable.

**R21-1-8. Applying Interest and Fees.**

(1) Each payment received on a trust receivable shall be applied to the following items in the priority listed:

(a) First, the collection fee, up to a percentage determined by OSDC;

(b) Second, 2% penalty;

(c) Third, the trust receivable principal balance up to the total amount of the receivable; and

(d) Fourth, the accrued postjudgment interest.

(2) Each payment received on a receivable that includes trust and state receivable balances shall be applied to the following items in the priority listed:

(a) First, the collection fee, up to a percentage determined by OSDC;

(b) Second, 2% penalty;

(c) Third, 5% OSDC interest when applicable;

(d) Fourth, the trusts receivable balance until paid in full;

(e) Fifth, the accrued trust postjudgement interest;

(f) Sixth, the state receivable balance; and

(g) Seventh, accrued postjudgement interest on the state receivable balance.

(3) Each payment received on a receivable owed only to the state shall be applied to the following items in the priority listed:

(a) First, the collection fee, up to a percentage determined by OSDC;

(b) Second, 2% penalty;

(c) Third, 5% OSDC interest when applicable;

(d) Fourth, the principal receivable balance; and

(e) Fifth, accrued postjudgment interest when applicable.

(4)(a) A trust payment sent to a victim of a crime that is returned to OSDC because of a bad address shall be retained by OSDC until the victim is located or statute requires transfer to another agency.

(b) Each payment shall continue to be applied to the trust balance until it is paid in full, and any payment received after the trust is paid in full shall be applied to another applicable debt.

**R21-1-9. Write-Off of Accounts Receivable.**

Each agency shall follow the statewide accounting policies and procedures for write-offs and allowances, which are available on the Division of Finance website, finance.utah.gov.

**R21-1-10. Original Signature Required on Certain OSDC Documents.**

OSDC requires an original signature on:

(1) a victim settlement agreement;

(2) a payment agreement;

(3) a wage assignment;

(4) an authority for the automatic transfer of funds (EFT); and

(5) an authority for the automatic credit or debit card charge.

**R21-1-11. Delay and Remission of Fees and Penalties.**

(1) OSDC may create policies for reducing fees and penalties to incentivize payment of debts.

(2) When OSDC receives a criminal account receivable for an offender who is incarcerated for the same criminal offense, OSDC may not apply a collection fee or penalty to the receivable until 90 days after the debtor is released from prison.

(3) When a debt is for a dishonored check as described in Section 7-15-1, fees and interest shall be assessed in accordance with that section.

**R21-1-12. Collection Techniques.**

OSDC may use different collection techniques which may include the use of:

(1) credit-reporting bureaus;

(2) collection agencies;

(3) garnishments;

(4) liens;

(5) executions on any type of property;

(6) judgments; and

(7) administrative offsets.

**KEY: accounts receivable, collection transfer**

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