

R21. Administrative Services, Debt Collection.

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

R21-1-1. Purpose.

The purpose of this rule is to establish the procedures by which agencies shall:

- (1) bill and make initial collection efforts according to a coordinated schedule;
- (2) transfer their delinquent accounts receivable to OSDC or its designee for additional collection action;
- (3) write-off of receivables; and
- (4) allocate the costs of collection established pursuant to 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 pursuant to Section 63A-3-504.

R21-1-3. Definitions.

In addition to terms defined in Section 63A-3-501, the following terms are defined below as follows:

- (1) "Delinquent" means any account receivable for which the state has not received payment in full by the payment demand date.
- (2) "Designee" means a Private Sector Collector or State Agency that the Office of State Debt Collection has contracted with to provide accounts receivable collection services.
- (3) "FINET" means the statewide accounting system centrally administered by the Division of Finance.
- (4) "Payment demand date" is the date by which the agency requires payment for the account receivable that an entity has incurred.
- (5) "Skipped" means that the entity formerly transacting business with the state is not known at the address or telephone number previously used nor is any new address or telephone number known of the entity.
- (6) "Event" is the day the goods are purchased, services completed, fines, fees, and assessments are due, etc.
- (7) "OSDC" means the Office of State Debt Collection.
- (8) "Trust" means a receivable that is owed to a victim of a crime.

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

- (1) Agencies shall document and track agency receivables on FINET.
 - (a) An agency may apply to the Division of Finance and OSDC for an exemption to this subsection.
 - (b) An agency exempted under this section shall:
 - (i) track receivables on the agency system;
 - (ii) provide the OSDC with quarterly receivable reports pursuant to 63A-3-502(7)(g); and
 - (ii) provide receivable reports to OSDC no later than 45 days after the end of the quarter.
- (2) Customers shall be billed within 10 days from the event creating the receivable or the next billing cycle, if reoccurring.
- (3) The payment demand date shall be no later than 30 days from the event date unless the agency can demonstrate the 30 day demand date is not appropriate for the agency's business processes.
 - (4) Agencies shall contact customers for payment by phone or written notice when payment is not received within 10 days after the payment demand date.
 - (5) Agencies shall review and comply with the statewide accounting FIACCT 06 policies available on the Division of Finance website, finance.utah.gov.

R21-1-5. Transfer of Collection Responsibility.

- (1) Each agency with delinquent accounts shall comply with the provisions of Subsection 63A-3-502(7) unless prohibited by current state or federal statute or regulation.
- (2) An agency or user of services shall transfer collection responsibility to OSDC, or its designee, when the account receivable is not paid within 90 days of the initial billing or is delinquent 61 days.
- (3) An agency may negotiate a different receivable transfer date with OSDC by demonstrating how the state benefits from the negotiated transfer date.

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

- (1) Agencies shall transfer delinquent accounts to OSDC or its designee electronically through FINET.
- (2) Agencies exempted from using FINET for individual receivables shall work with OSDC to generate an electronic placement file for transferring delinquent accounts.
 - (2) Debts owed by business entities must be transferred by agencies with:
 - (a) a list of positively identified liable parties; and
 - (b) a Federal tax identification number for each liable party.

R21-1-7. Costs of Collection.

The fee calculation and payment priority for accounts receivable collected by OSDC shall be applied according to the following methodology.

- (1) Except as specified in Section R21-1-10, pursuant to Subsection 63A-3-502(4)(g)(i):
 - (a) the costs of collection shall be charged on all accounts referred for collection;
 - (b) the cost shall be calculated based on the dollars collected times the rate authorized by the legislature; and
 - (c) the cost of collection shall be paid first from each payment.
- (2) The Penalty 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 penalty payment shall be calculated up to the authorized penalty percent set annually by the legislature, times the received payment amount.
 - (c) The calculated penalty amount shall be paid after the costs of collection are determined and paid.
- (3) Two types of interest shall be charged on accounts referred to OSDC.

(a) Postjudgment interest as established by Section 15-1-4 applies to receivables with judgments established by the courts with a sentencing date subsequent to May 5, 1999.

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

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

(b) Other receivables referred to OSDC are charged an interest rate pursuant to Subsection 63A-3-502 (4) (g)(iii)(B), referred to as OSDC interest.

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

(ii) OSDC accrued interest shall be paid pursuant to Subsection R21-1-7(4) on trust receivables or receivables including a trust account.

(4) Each payment received on trust receivables shall be applied to the following items in the priority listed until the payment is fully disbursed:

(a) First, cost of collection;

(b) Second, 2% penalty;

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

(d) Fourth, the accrued postjudgment interest.

(5) Each payment received on receivables that include trust and state receivable balances shall be applied to the following items in the priority listed until the payment is fully disbursed:

(a) First, cost of collection;

(b) Second, 2% penalty;

(c) Third, the trust(s) receivable balance until paid in full;

(d) Fourth, accrued post-judgment or OSDC interest on the state receivable balance;

(e) Fifth, the state receivable balance; and

(f) Sixth, the accrued trust post-judgment interest.

(6) Each payment received on receivables owed only to the state shall be applied to the following items in the priority listed until the payment is fully disbursed:

(a) First, cost of collection;

(b) Second, 2% penalty payment;

(c) Third, 5% accrued post-judgment or OSDC interest; and

(d) Fourth, the receivable balance.

(7)(a) Trust Payments sent to victims of crimes that are returned to OSDC because of bad addresses, shall be retained by OSDC, until the victim is located or statute requires transfer to another agency.

(b) Payments shall continue to be applied to the trust balance until liquidated, and there after applied to other applicable debts.

R21-1-8. Write Off of Accounts Receivable.

Agencies shall follow the statewide Accounting Policies and Procedures outlined in FIACCT 06-01.14 and 06-02.04, available from the state Division of Finance at finance.utah.gov.

R21-1-9. Original Signature Required on Certain OSDC Documents.

An original signature is required by OSDC on the following documents:

(1) Victim Settlement Agreement;

(2) Debt Repayment Contract Agreement;

(3) Wage Assignments to pay debts;

(4) Authority for the automatic transfer of funds (EFT) to pay debts; and

(5) Authority for the automatic Credit/Debit Card charge to pay debts.

R21-1-10. Delay and Remission of Fees and Penalties.

(1) OSDC shall create policies for the purpose of remitting 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 fees or penalties for the receivable until 90 days after the debtor is released from prison.

KEY: accounts receivable, collection transfer

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Authorizing, and Implemented or Interpreted Law: 63A-3-502(3)(m); 63A-3-502(4)(g); 63A-3-502(6)(a); 63A-3-502(6)(b); 63A-3-502(7)(f); 15-1-4