HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7155 PCB GAP 10-26 Claims for Collections Due the State
SPONSOR(S): Governmental Affairs Policy Committee and Schenck
TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Governmental Affairs Policy Committee	11 Y, 0 N	Tait	Williamson
1)	Economic Development & Community Affairs Policy Council		Tait	Tinker
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

Currently, the Chief Financial Officer is responsible for directing state attorneys to collect on all delinquent accounts. The Chief Financial Officer also has the ability to contract with a collection agent for the collection of delinquent accounts. To implement this statute, the Department of Financial Services established a rule that requires all agencies, excluding those with independent statutory direction for collection, to submit accounts to the contracted collection agent no more than 6 months after the time the account becomes delinquent.

The bill authorizes the Chief Financial Officer to contract with multiple collection agents.

The bill requires agencies to submit delinquent accounts to a contracted collection agent within 120 days from the time the account becomes delinquent—exempting those agencies that currently have separate statutory authority to pursue delinquent accounts through a collection process.

The bill requires each agency to submit an annual report to the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial Officer that includes information on delinquent accounts, including a list of delinquent accounts, the total of those accounts, and details on accounts that were not referred for collection or were waived or written off. It also requires the Chief Financial Officer to submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives that includes information on any contracted collection agent, including the total amount of accounts referred for collection by each agency, the number of accounts by age and amount, a list of agencies that failed to report delinquent accounts in a timely manner, and the total amount of claims collected.

The bill could have a positive fiscal impact on state government. It does not have a fiscal impact on local governments.

The bill has an effective date of July 1, 2010.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Most state agencies collect revenues in the form of fees, fines or taxes on behalf of the state. In general, it is not clear how many accounts go uncollected. Typically, revenues owed to the state are submitted voluntarily. There are few statewide standards relating to revenue collection, compliance and enforcement and many agencies have separate authority to enforce collections or waive delinquent accounts.

Currently, under s. 17.20, F.S., the Chief Financial Officer is responsible for directing the state attorneys to collect on all delinquent accounts. The Chief Financial Officer also has the ability to contract with a collection agent for the collection of delinquent accounts.

To implement this statute, the Department of Financial Services established by rule a requirement that all agencies, excluding those with independent statutory direction for collection, submit accounts to the contracted collection agent no more than 6 months after the time the account becomes delinquent. Under the rule, agencies are allowed to ask for consideration not to pursue collection of the delinquent account through a written request to the Chief Financial Officer.[1] As of August 2009, a total of $292 million of uncollected accounts were referred to the collection agent by state agencies.

Auditor General Reports from the past four years identify a number of operational shortcomings related to internal agency controls and delinquent accounts, including instances where agencies failed to record accounts receivable in FLAIR and failed to report delinquent accounts to the Department of Financial Services for collection.

Effect of Bill

The bill authorizes the Chief Financial Officer to contract with multiple collection agents.

The bill declares that each agency is responsible for exercising due diligence to secure full payment of all accounts receivable and other claims due to the state. It also requires agencies to submit delinquent accounts to the contracted collection agent within 120 days from the time the account becomes delinquent—exempting those agencies that currently have separate statutory authority to pursue

[1] Rule 69I-21.003, Procedure for Processing Delinquent Accounts Receivable.

delinquent accounts through their own collection process. Agencies may request in writing for a different time period for the transfer of the accounts to the collection agent.

The bill requires each agency to submit an annual report to the President of the Senate, the Speaker of the House of Representatives, and the Chief Financial Officer that includes: a list and total of all accounts referred for collection and their current status; a list and total of all delinquent accounts not referred to a collection agency, the reasons for not referring the accounts, and the actions taken by the agency to collect; a list, total, and description of all accounts or claims that were written off or waived by the agency during the prior fiscal year, the reason for the write off, and whether collection of those accounts continue to be pursued. The report is due October 1, 2010 and each October 1 thereafter.

The bill requires the Chief Financial Officer to submit an annual report to the Governor, the President of the Senate, and the Speaker of the House of Representatives that outlines the following information for any contracted collection agent: the amount of claims referred; the number of accounts by age and amount; a listing of agencies that failed to report known claims in a timely manner; and the total amount of claims uncollected. The report is due December 1, 2010 and each December 1 thereafter.

B. SECTION DIRECTORY:

Section 1: Amends s. 17.20, F.S., relating to claims for collections.

Section 2: Provides an effective date of July 1, 2010.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   See *Fiscal Comments*.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There may be an increased number of delinquent accounts referred to a collection agent.

D. FISCAL COMMENTS:

This bill may have a positive effect on state revenues if it leads to a higher collection rate of delinquent accounts. As a general rule, the earlier delinquent accounts are pursued for collection, the more likely the funds will be collected. Older accounts have a lower collection rate.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES

None.