

2023 -- S 0715

LC002280

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- DEPARTMENT OF REVENUE

Introduced By: Senators Britto, F. Lombardi, Lawson, Ciccone, DiPalma, and Tikoian

Date Introduced: March 22, 2023

Referred To: Senate Finance

(Dept. of Revenue)

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 42-142-1, 42-142-2 and 42-142-8 of the General Laws in Chapter
2 42-142 entitled "Department of Revenue" are hereby amended to read as follows:

3 **42-142-1. Department of revenue.**

4 (a) There is hereby established within the executive branch of state government a
5 department of revenue.

6 (b) The head of the department shall be the director of revenue, who shall be appointed by
7 the governor, with the advice and consent of the senate, and shall serve at the pleasure of the
8 governor.

9 (c) The department shall contain the division of taxation (chapter 1 of title 44), the division
10 of motor vehicles (chapter 2 of title 31), the division of state lottery (chapter 61 of title 42), the
11 office of revenue analysis (chapter 142 of title 42), the division of municipal finance (chapter 142
12 of title 42), and a ~~collection~~ [central collections](#) unit (chapter 142 of title 42). Any reference to the
13 division of property valuation, division of property valuation and municipal finance, or office of
14 municipal affairs in the Rhode Island general laws shall mean the division of municipal finance.

15 **42-142-2. Powers and duties of the department.**

16 The department of revenue shall have the following powers and duties:

17 (a) To operate a division of taxation;

18 (b) To operate a division of motor vehicles;

19 (c) To operate a division of state lottery;

- 1 (d) To operate an office of revenue analysis;
- 2 (e) To operate a division of property valuation; and
- 3 (f) To operate a ~~collection~~ central collections unit.

4 **42-142-8. ~~Collection-unit~~ Central collections unit.**

5 (a) The director of the department of revenue is authorized to establish within the
6 department of revenue a ~~collection~~ central collections unit (the "CCU") for the purpose of assisting
7 state agencies, departments, boards, commissions, corporations, authorities, quasi-state agencies,
8 councils, the judicial branch, and other political subdivisions (referred to herein individually as a
9 "state agency" and collectively as "state agencies") in the collection of debts owed to the state. The
10 director of the department of revenue may enter into an agreement or memorandum of
11 understanding with any state ~~agency(ies)~~ agency to collect any delinquent debt owed to the state.

12 (b) ~~The director of the department of revenue shall initially implement a pilot program to~~
13 ~~assist the agency(ies) with the collection of delinquent debts owed to the state.~~

14 (c) ~~The agency(ies) participating in the pilot program~~ State agencies who enter into an
15 agreement or memorandum of understanding with the CCU shall refer ~~to the collection unit within~~
16 ~~the department of revenue,~~ debts owed by delinquent debtors where the nature and amount of the
17 debt owed has been determined and reconciled by the state agency and the debt is: (i) The subject
18 of a written settlement agreement and/or written waiver agreement and the delinquent debtor has
19 failed to timely make payments under the agreement and/or waiver and is therefore in violation of
20 the terms of the agreement and/or waiver; (ii) The subject of a final administrative order, ~~or~~
21 decision, invoice or statement and the debtor has exhausted or waived any available administrative
22 hearing process and has not timely appealed the order, ~~or~~ decision, invoice or statement; (iii) The
23 subject of final order, judgment, or decision of a court of competent jurisdiction and the debtor has
24 not timely appealed the order, judgment, or decision. The ~~collection-unit~~ CCU shall not accept a
25 referral of any delinquent debt unless it satisfies subsection (c)(i), (ii) or (iii) of this section.

26 (d) Any ~~agency(ies)~~ state agency entering into an agreement with the department of
27 revenue to allow the ~~collection-unit of the department~~ CCU to collect a delinquent debt owed to the
28 state shall indemnify the department of revenue against injuries, actions, liabilities, or proceedings
29 arising from the collection, or attempted collection, by the ~~collection-unit~~ CCU of the debt owed to
30 the state.

31 (e) Before referring a delinquent debt to the ~~collection-unit~~ CCU, the ~~agency(ies)~~ state
32 agency must notify the debtor of its intention to ~~submit~~ refer the debt to the ~~collection-unit~~ CCU
33 for collection ~~and of the debtor's right to appeal that decision~~ not less than ~~thirty (30)~~ twenty (20)
34 days before the debt is ~~submitted~~ formally referred to the ~~collection-unit~~ CCU.

1 (f) At such time as the ~~agency(ies)~~ state agency refers a delinquent debt to the ~~collection~~
2 ~~unit~~ CCU, the state agency shall: (i) Represent in writing to the ~~collection-unit~~ CCU, upon the
3 referral form prescribed by the CCU, that it has complied with all applicable state and federal laws
4 and regulations relating to the collection of the debt, including, but not limited to, the requirement
5 to provide the debtor with the notice of referral to the ~~collection-unit~~ CCU under subsection (e) of
6 this section; and (ii) Provide the ~~collection-unit~~ CCU personnel with all relevant supporting
7 documentation including, but not limited to, notices, invoices, ledgers, correspondence, emails,
8 agreements, waivers, decisions, orders, and judgments necessary for the ~~collection-unit~~ CCU to
9 attempt to collect the delinquent debt.

10 (g) The referring ~~agency(ies)~~ state agency shall assist the ~~collection-unit~~ CCU by providing
11 any and all information, expertise, and resources deemed necessary by the ~~collection-unit~~ CCU to
12 collect the delinquent debts referred to the ~~collection-unit~~ CCU.

13 (h) Upon receipt of a referral of a delinquent debt from ~~an agency(ies)~~ a state agency, the
14 amount of the delinquent debt shall accrue interest at the annual rate of interest established by law
15 for the referring state agency or at an annual rate of 13%, whichever percentage rate is greater.

16 (i) Upon receipt of a referral of a delinquent debt from ~~the agency(ies)~~ a state agency, the
17 ~~collection-unit~~ CCU shall provide the delinquent debtor with a "Notice of Referral" advising the
18 debtor that:

- 19 (1) The delinquent debt has been referred to the ~~collection-unit~~ CCU for collection; and
20 (2) The ~~collection-unit~~ CCU has the authority to initiate, in its ~~names~~ name, any action that
21 is available under state law for the collection of the delinquent debt, including, but not limited to,
22 referring the debt to a third party to initiate said action.

23 (j) Upon receipt of a referral of a delinquent debt from ~~an agency(ies)~~ a state agency, the
24 director of the department of revenue, or designee, within the CCU shall have the authority to
25 institute, in its name, any action(s) that are available under state law for collection of the delinquent
26 debt and interest, penalties, and/or fees thereon and to, with or without suit, settle the delinquent
27 debt.

28 (k) In exercising its authority under this section, the ~~collection-unit~~ CCU shall comply with
29 all state and federal laws and regulations related to the collection of debts to the extent that they are
30 applicable and the CCU is not otherwise exempt from their application.

31 (l) Upon the receipt of payment from a delinquent debtor, whether a full or partial payment,
32 the ~~collection-unit~~ CCU shall disburse/deposit the proceeds of the payment in the following order:

- 33 (1) To the appropriate federal account to reimburse the federal government funds owed to
34 them by the state from funds recovered; and

1 (2) The balance of the amount collected to the referring [state](#) agency.

2 (m) Notwithstanding the above, the establishment of ~~a collection unit within the department~~
3 ~~of revenue~~ [the CCU](#) shall be contingent upon an annual appropriation by the general assembly of
4 amounts necessary and sufficient to cover the costs and expenses to establish, maintain, and operate
5 the ~~collection unit~~ [CCU](#) including, but not limited to, computer hardware and software,
6 maintenance of the computer system to manage the system, and personnel to perform work within
7 the ~~collection unit~~ [CCU](#).

8 (n) ~~In addition to the implementation of any pilot program, the collection unit~~ [The CCU](#)
9 shall comply with the provisions of this section in the collection of all delinquent debts under this
10 section.

11 (o) The department of revenue is authorized to promulgate rules and regulations as it deems
12 appropriate with respect to the ~~collection unit~~ [CCU](#).

13 (p) By September 1, 2020, and each year thereafter, the department of revenue shall
14 specifically assess the performance, effectiveness, and revenue impact of the collections associated
15 with this section, including, but not limited to, the total amounts referred and collected by each
16 referring [state](#) agency during the previous state fiscal year to the governor, the speaker of the house
17 of representatives, the president of the senate, the chairpersons of the house and senate finance
18 committees, and the house and senate fiscal advisors. The report shall include the net revenue
19 impact to the state of the ~~collection unit~~ [CCU](#).

20 (q) No operations of a ~~collection unit~~ [CCU](#) pursuant to this chapter shall be authorized after
21 June 30, 2033.

22 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO STATE AFFAIRS AND GOVERNMENT -- DEPARTMENT OF REVENUE

1 This act would make statutory amendments throughout several sections of the general laws
2 relating to the department of revenue changing the references of "collection unit" to "central
3 collections unit" (CCU).

4 This act would take effect upon passage.

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