

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2022

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT - DEPARTMENT OF REVENUE

Introduced By: Representative Jacquelyn M. Baginski

Date Introduced: March 04, 2022

Referred To: House Finance

(Dept. of Revenue)

It is enacted by the General Assembly as follows:

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

3 **42-142-8. Collection unit.**

4 (a) The director of the department of revenue is authorized to establish within the  
5 department of revenue a collection unit for the purpose of assisting state agencies in the collection  
6 of debts owed to the state. The director of the department of revenue may enter into an agreement  
7 with any state agency(ies) to collect any delinquent debt owed to the state.

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

10 (c) The agency(ies) participating in the pilot program shall refer to the collection unit  
11 within the department of revenue, debts owed by delinquent debtors where the nature and amount  
12 of the debt owed has been determined and reconciled by the agency and the debt is: (i) The subject  
13 of a written settlement agreement and/or written waiver agreement and the delinquent debtor has  
14 failed to timely make payments under the agreement and/or waiver and is therefore in violation of  
15 the terms of the agreement and/or waiver; (ii) The subject of a final administrative order or decision  
16 and the debtor has not timely appealed the order or decision; (iii) The subject of final order,  
17 judgment, or decision of a court of competent jurisdiction and the debtor has not timely appealed  
18 the order, judgment, or decision. The collection unit shall not accept a referral of any delinquent  
19 debt unless it satisfies subsection (c)(i), (ii) or (iii) of this section.

1 (d) Any agency(ies) entering into an agreement with the department of revenue to allow  
2 the collection unit of the department to collect a delinquent debt owed to the state shall indemnify  
3 the department of revenue against injuries, actions, liabilities, or proceedings arising from the  
4 collection, or attempted collection, by the collection unit of the debt owed to the state.

5 (e) Before referring a delinquent debt to the collection unit, the agency(ies) must notify the  
6 debtor of its intention to submit the debt to the collection unit for collection and of the debtor's right  
7 to appeal that decision not less than thirty (30) days before the debt is submitted to the collection  
8 unit.

9 (f) At such time as the agency(ies) refers a delinquent debt to the collection unit, the agency  
10 shall: (i) Represent in writing to the collection unit that it has complied with all applicable state and  
11 federal laws and regulations relating to the collection of the debt, including, but not limited to, the  
12 requirement to provide the debtor with the notice of referral to the collection unit under subsection  
13 (e) of this section; and (ii) Provide the collection unit personnel with all relevant supporting  
14 documentation including, but not limited to, notices, invoices, ledgers, correspondence,  
15 agreements, waivers, decisions, orders, and judgments necessary for the collection unit to attempt  
16 to collect the delinquent debt.

17 (g) The referring agency(ies) shall assist the collection unit by providing any and all  
18 information, expertise, and resources deemed necessary by the collection unit to collect the  
19 delinquent debts referred to the collection unit.

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

23 (i) Upon receipt of a referral of a delinquent debt from the agency(ies), the collection unit  
24 shall provide the delinquent debtor with a "Notice of Referral" advising the debtor that:

25 (1) The delinquent debt has been referred to the collection unit for collection; and

26 (2) The collection unit will initiate, in its names, any action that is available under state law  
27 for the collection of the delinquent debt, including, but not limited to, referring the debt to a third  
28 party to initiate said action.

29 (j) Upon receipt of a referral of a delinquent debt from an agency(ies), the director of the  
30 department of revenue shall have the authority to institute, in its name, any action(s) that are  
31 available under state law for collection of the delinquent debt and interest, penalties, and/or fees  
32 thereon and to, with or without suit, settle the delinquent debt.

33 (k) In exercising its authority under this section, the collection unit shall comply with all  
34 state and federal laws and regulations related to the collection of debts.

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

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

5 (2) The balance of the amount collected to the referring agency.

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

11 (n) In addition to the implementation of any pilot program, the collection unit shall comply  
12 with the provisions of this section in the collection of all delinquent debts under this section.

13 (o) The department of revenue is authorized to promulgate rules and regulations as it deems  
14 appropriate with respect to the collection unit.

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

22 ~~(q) No operations of a collection unit pursuant to this chapter shall be authorized after June~~  
23 ~~30, 2023.~~

24 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

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- 1 This act would remove the collection unit sunset provision of June 30, 2023.
- 2 This act would take effect upon passage.

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