

# Legislative Fiscal Office

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## Budget Information Brief / 2013-1

### Liquidated and Delinquent Accounts

HB 3509 (1999) and SB 70 (2001) provide statutory guidance to state agencies on the collection of past due accounts. HB 3509 amended ORS chapter 293 relating to the administration of public funds, requiring state agencies (with certain exceptions) to turn over those liquidated and delinquent accounts, for which no payment had been received within one year, to the Department of Revenue or to a private collection agency for collection. Subsequently, in the 2003 legislative session, ORS chapter 293 was amended so that the time period before being turned over for collection is now 90 days. SB 70 provided similar guidance for the Judicial Branch. The statute requires annual reporting of liquidated and delinquent accounts to the Legislative Fiscal Office. The Legislative Fiscal Office (LFO) is required to compile the reports and issue one report to the Legislative Assembly. LFO produced its thirteenth report under the statute in December 2012. Reports are available on the LFO website.

The first report on liquidated and delinquent accounts receivable was due in 2000 for receivables outstanding at June 30, 2000; however, agencies that were unable to report were exempted from doing so for the first year. The law also excluded the Judicial Branch from the reporting requirement. Even so, the Judicial Branch voluntarily reported beginning in 2001. Since then, the statutory exclusion for the Judicial Branch was removed. For comparison purposes, certain information can be used for analysis and to gain an understanding of the impact of the legislation on the way state agencies manage their liquidated and delinquent accounts.

#### **Liquidated and Delinquent Accounts Defined**

*Liquidated account* is generally defined as one where the exact past due amount is known, proper notification of the debt has been made to the debtor, and there has been a judgment, or a distraint warrant for taxes, or an administrative proceeding has established the debt, etc.

*Delinquent account* is defined as an account for which payment has not been received by the due date. Most receivables have a specific due date. If any part of that debt is not paid by the due date, the account needs to be reported. Some debts do not have an obvious due date, such as overpayments. The due date for this debt may be determined by the agency. For example, the date on which the agency may start assessing interest or enforcing collection may be the best date to use.

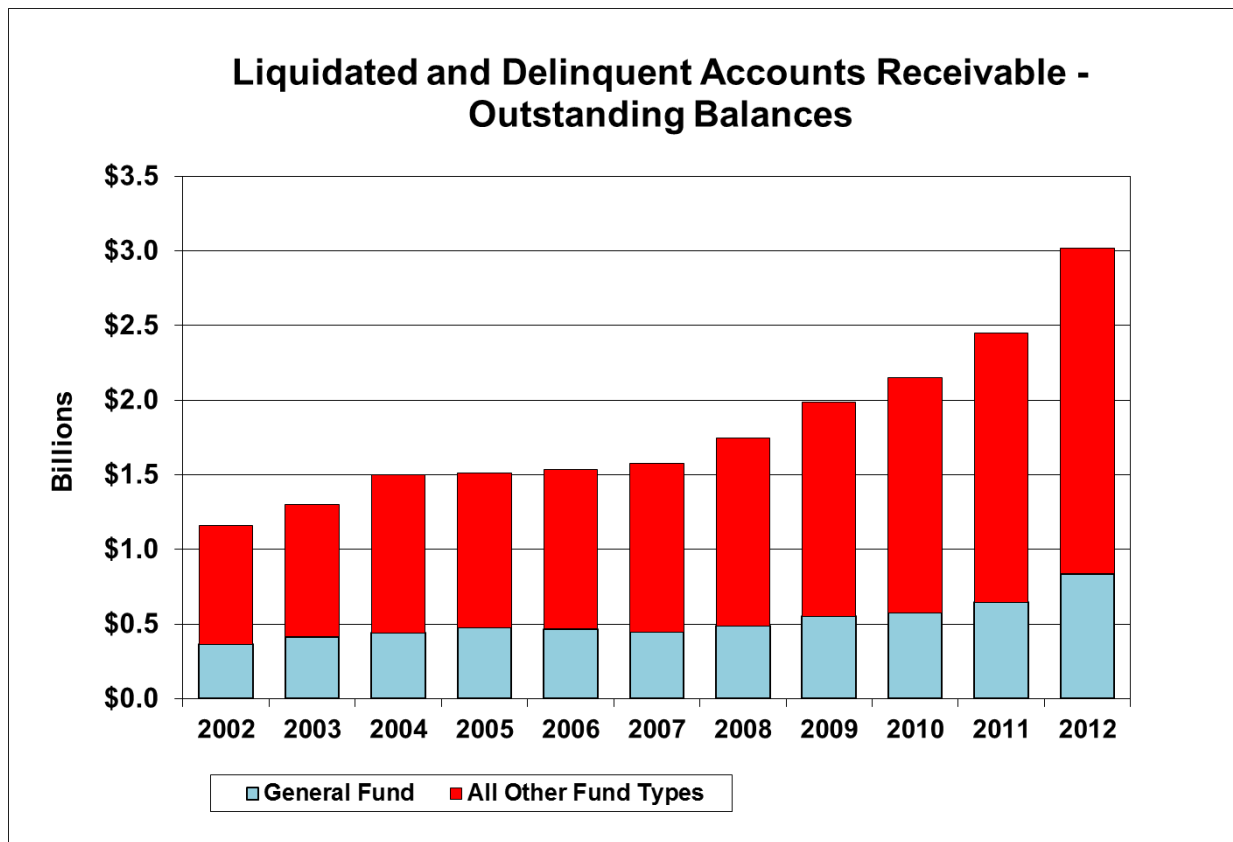
#### **Balances Outstanding**

Presented on the next page is a chart of the reported liquidated and delinquent account balances outstanding at June 30 of each year and a table of historical data showing the amount of General Fund in the total outstanding balance.

Of the balances outstanding, the General Fund portion amounted to \$836 million in 2012, an increase of \$191 million from 2011. This reflects a 30% increase in the balance from the prior fiscal year; the

balance has a compound annual growth rate of about 7.8% over the past eleven years. Of the \$836 million, the Department of Revenue's own receivables accounted for almost \$792 million.

Since the 2002 report period, the General Fund portion has averaged just less than 30% of the total balance. The total liquidated and delinquent debt receivables balance (all funds) has more than doubled since 2002. The graph and chart below display historical balances over the last eleven years.

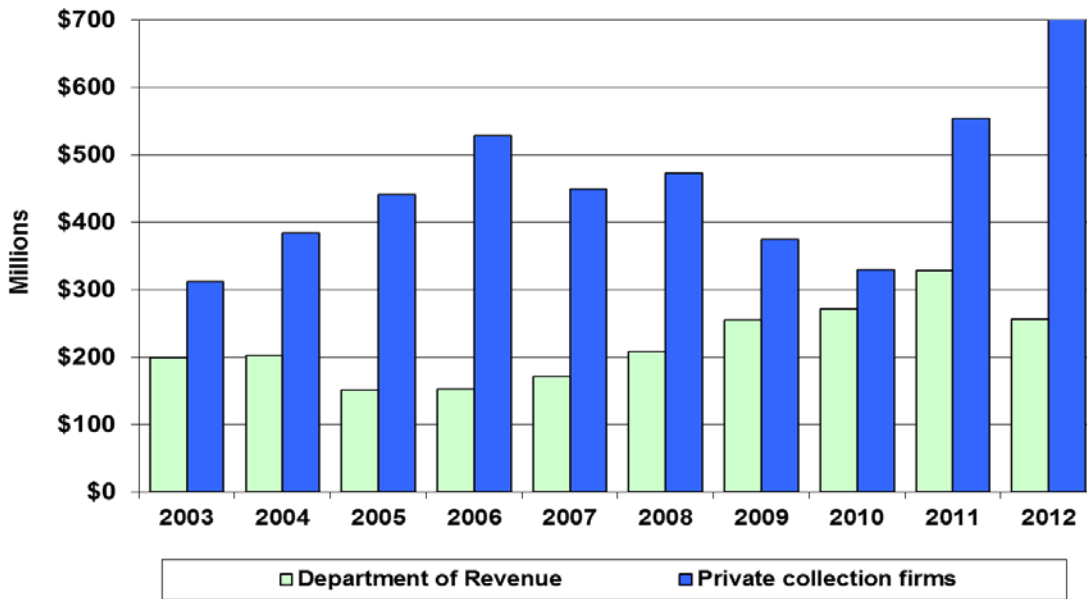


	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund (GF)	\$365.2	\$414.3	\$440.7	\$474.4	\$467.4	\$446.8	\$486.8	\$550.5	\$575.7	\$645.0	\$836.2
All Other Fund Types	\$791.6	\$885.9	\$1,056.6	\$1,036.2	\$1,066.8	\$1,128.3	\$1,260.8	\$1,432.8	\$1,574.8	\$1,804.6	\$2,183.0
Total All Funds	\$1,156.8	\$1,300.2	\$1,497.3	\$1,510.6	\$1,534.2	\$1,575.1	\$1,747.6	\$1,983.3	\$2,150.5	\$2,449.6	\$3,019.2
% GF of Total	31.6%	31.9%	29.4%	31.4%	30.5%	28.4%	27.9%	27.8%	26.8%	26.3%	27.7%

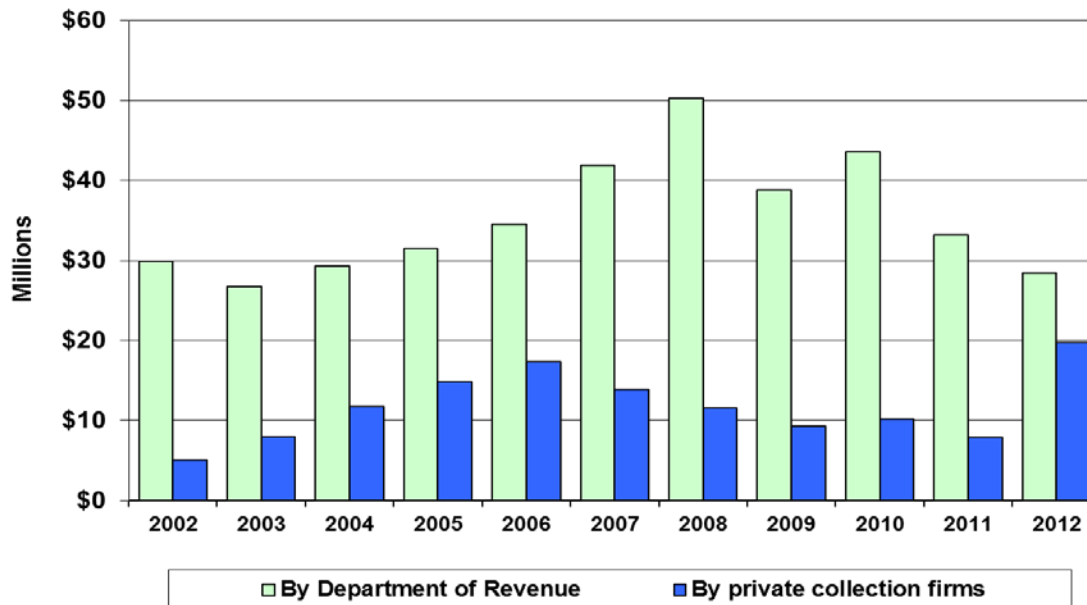
### Accounts Turned Over For Collection

Prior to passage of the 1999 legislation, state agencies were not required to turn over accounts for collection. HB 3509 changed that situation and agencies that do not collect on liquidated and delinquent accounts within a specified period of time must now turn the accounts over for collection to either the Department of Revenue or private collection agencies. The following charts show the balances reported as being with the outside collection entities and the amounts collected by each of them.

### Receivables with Department of Revenue and Private Collection Firms



### Collections on Accounts Turned Over to Department of Revenue and Private Collection Firms



As of June 2012, the Department of Revenue reported 194,048 accounts outstanding, while private collection agencies had 966,552 accounts in their possession.

Not all accounts can be transferred to the Department of Revenue or to private collection agencies. There may be federal or state statutory or regulatory prohibitions that would cause them to be exempt from transfer. Specific exemptions are codified in ORS 293.231(9)(a) through (i). If other state or federal laws exempt agencies from turning over accounts for collections, ORS 293.231(5) applies.

### **Agencies Not Reporting**

Certain agencies are exempt from ORS chapter 293 and are therefore not required to report. A complete listing of these exempted agencies is included in the full report. In 2012, the only agency that did not report was the Oregon Student Assistance Commission. This agency historically has had little or no information to report; the lack of reporting data is not expected to materially affect the statewide numbers compiled in this report. Under current statutory provisions, there is no consequence for failure to report.

For additional information, contact:  
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This brief is available on the Legislative Fiscal Office website at [www.leg.state.or.us/comm/lfo](http://www.leg.state.or.us/comm/lfo)