

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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**SENATE BILL 813
Second Edition Engrossed 4/23/03**

Short Title: Controller's Fee.

(Public)

Sponsors: Senator Rand.

Referred to: Commerce.

April 3, 2003

A BILL TO BE ENTITLED

1
2 AN ACT RELATING TO THE RECOMMENDATIONS OF THE GOVERNOR'S
3 COMMISSION TO PROMOTE GOVERNMENT EFFICIENCY AND SAVINGS
4 ON STATE SPENDING RELATING TO A FEE FOR THE STATEWIDE
5 ACCOUNTS RECEIVABLE PROGRAM.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 147-86.22(c) reads as rewritten:

8 "(c) Collection Techniques. – The State Controller, in conjunction with the Office
9 of the Attorney General, shall establish policies and procedures to govern techniques for
10 collection of accounts receivable. These techniques may include use of collection
11 agencies, credit reporting bureaus, judicial remedies authorized by law, and
12 administrative setoff by a reduction of an individual's tax refund pursuant to the Setoff
13 Debt Collection Act, Chapter 105A of the General Statutes, or a reduction of another
14 payment, other than payroll, due from the State to a person to reduce or eliminate an
15 account receivable that the person owes the State.

16 No later than January 1, 1999, the State Controller shall negotiate a contract with a
17 third party to perform an audit and collection process of inadvertent overpayments by
18 State agencies to vendors as a result of pricing errors, neglected rebates and discounts,
19 miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and
20 related errors. The third party shall be compensated only from funds recovered as a
21 result of the audit. Savings realized in excess of costs shall be transferred from the
22 agency to the Office of State Budget and Management and placed in a special reserve
23 account for future direction by the General Assembly. Any disputed savings shall be
24 settled by the State Controller. This paragraph does not apply to the purchase of medical
25 services by State agencies or payments used to reimburse or otherwise pay for health
26 care services."

27 **SECTION 2.** G.S. 147-86.22 is amended by adding a new subsection to
28 read:

1 "(d) Fee. – A collection assistance fee is imposed on a past-due debt that remains
2 unpaid 30 days or more after the fee notice required by this subsection is mailed to the
3 debtor. In order to impose a collection assistance fee on a past-due debt, the agency
4 must notify the debtor that the fee will be imposed if the past-due debt is not paid in full
5 within 30 days after the date the fee notice was mailed to the debtor. The fee is
6 collectible as part of the debt which will be transferred to the Department of Revenue
7 for collection. The amount of the collection assistance fee is twenty percent (20%) for
8 the first \$250,000, (15%) for the second \$250,000, and (10%) for all sums above
9 \$500,000 of the amount of the past-due debt. If the Department of Revenue collects
10 only part of the past-due debt, the collection assistance fee has priority over the debt.
11 The fee is a receipt of the Department of Revenue and must be applied to the costs of
12 collecting past-due debts. The proceeds of the fee must be credited to a special account
13 within the Department of Revenue and may be expended only as provided in this
14 subsection. The Department of Revenue may apply the proceeds of the fee to pay
15 contractors for collecting debts under this subsection. The remaining proceeds of the fee
16 may be spent only pursuant to appropriation by the General Assembly. The fee proceeds
17 do not revert but remain in the special account until spent for the costs of collecting
18 past-due debts."

19 **SECTION 3.** This act is effective when it becomes law.