

Senate File 2383 - Introduced

SENATE FILE 2383

BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SSB 3253)

A BILL FOR

1 An Act relating to the collection of debt obligations owed the
2 state and cities and establishing a state debt coordinator,
3 providing a fee, and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8A.504, subsection 3, Code 2009, is
2 amended to read as follows:

3 3. In the case of multiple claims to payments filed under
4 this section, priority shall be given to claims filed by the
5 child support recovery unit or the foster care recovery unit,
6 next priority shall be given to claims filed by the clerk of
7 the district court, next priority shall be given to claims
8 filed by the college student aid commission, next priority
9 shall be given to claims filed by the investigations division
10 of the department of inspections and appeals, ~~next priority~~
11 ~~shall be given to claims filed by a clerk of the district~~
12 ~~court~~, and last priority shall be given to claims filed by
13 other state agencies. In the case of multiple claims in which
14 the priority is not otherwise provided by this subsection,
15 priority shall be determined in accordance with rules to be
16 established by the director.

17 Sec. 2. Section 321.40, subsection 6, Code Supplement 2009,
18 is amended to read as follows:

19 6. a. The department or the county treasurer shall refuse
20 to renew the registration of a vehicle registered to the
21 applicant if the department or the county treasurer knows that
22 the applicant has a delinquent account, charge, fee, loan,
23 taxes, or other indebtedness owed to or being collected by the
24 state, from information provided pursuant to sections 8A.504
25 and 421.17. An applicant may contest this action by requesting
26 a contested case proceeding from the agency that referred the
27 debt for collection pursuant to section 8A.504. The department
28 of revenue and the department of transportation shall notify
29 the county treasurers through the distributed teleprocessing
30 network of persons who owe such a delinquent account, charge,
31 fee, loan, taxes, or other indebtedness.

32 b. The county treasurer of the county of the person's
33 residence and in which the person's vehicle is registered,
34 in cooperation with the department of revenue, may collect
35 delinquent taxes including penalties and interest owed to

1 the state from a person applying for renewal of a vehicle
2 registration. The applicant may remit full payment of the
3 taxes including applicable penalties and interest, along with
4 a processing fee of five dollars, to the county treasurer at
5 the time of registration renewal. Upon full payment of the
6 required taxes including applicable penalties and interest,
7 the processing fee, and the vehicle registration fee, the
8 county treasurer shall issue the registration to the person.
9 A county treasurer collecting on behalf of the department of
10 revenue shall update the vehicle registration records through
11 the distributed teleprocessing network on a daily basis for
12 all persons who have paid taxes pursuant to this subsection.
13 A county treasurer shall forward all funds collected for the
14 department of revenue to the department of revenue.

15 Sec. 3. Section 321.40, subsection 9, Code Supplement 2009,
16 is amended to read as follows:

17 9. a. The clerk of the district court shall notify the
18 county treasurer of any delinquent court debt, as defined in
19 section 602.8107, which is being collected by the centralized
20 collection unit of the department of revenue pursuant to
21 section 602.8107, subsection 3, or the county attorney pursuant
22 to section 602.8107, subsection 4. The county treasurer shall
23 refuse to renew the vehicle registration of the applicant upon
24 such notification from the clerk of the district court in
25 regard to such applicant.

26 b. If the applicant enters into or renews a payment plan
27 that is satisfactory to the centralized collection unit of
28 the department of revenue, the county attorney, or the county
29 attorney's designee, the centralized collection unit or
30 the county attorney shall provide the county treasurer with
31 written or electronic notice of the payment plan within five
32 days of entering into such a plan. The county treasurer shall
33 temporarily lift the registration hold on an applicant for a
34 period of ten days if the treasurer receives such notice in
35 order to allow the applicant to register a vehicle for the

1 year. If the applicant remains current with the payment plan entered into with the centralized collection unit or the county attorney or the county attorney's designee, subsequent lifts of registration holds shall be granted without additional restrictions.

6 Sec. 4. Section 321.152, Code 2009, is amended by adding the following new subsection:

8 NEW SUBSECTION. 2A. The five dollar processing fee charged by a county treasurer for collection of tax debt owed to the department of revenue pursuant to section 321.40, subsection 6, shall be retained for deposit in the county general fund.

12 Sec. 5. Section 321.153, Code 2009, is amended to read as follows:

14 **321.153 Treasurer's report to department.**

15 1. The county treasurer on the tenth day of each month shall certify to the department a full and complete statement of all fees and penalties received by the county treasurer during the preceding calendar month and shall remit all moneys not retained for deposit under section 321.152 to the treasurer of state.

21 2. The distributed teleprocessing network shall be used in the collection, receipting, accounting, and reporting of any fee collected through the registration renewal or title process, with sufficient time and financial resources provided for implementation.

26 3. This section does not apply to fees collected or retained by a county treasurer pursuant to participation in county issuance of driver's licenses under chapter 321M.

29 4. This section does not apply to processing fees charged by a county treasurer for the collection of tax debt owed to the department of revenue pursuant to section 321.40.

32 Sec. 6. NEW SECTION. **364.22B Collection of judgment debt.**

33 1. As used in this section, "*judgment debt*" means any criminal penalty, any personal judgment for a civil penalty, or any personal or in rem judgment for the costs of abating a

1 nuisance or other violation, owing to a city in any proceeding
2 brought as a municipal infraction under section 364.22, or in a
3 civil nuisance proceeding under chapter 657, or in a criminal
4 proceeding for a misdemeanor violation under a city ordinance.

5 2. Judgment debt owing to a city is deemed delinquent if it
6 is not paid within thirty days after the date it is assessed.
7 An amount which was ordered by the court to be paid on a date
8 fixed in the future is deemed delinquent if it is not received
9 by the clerk of court within thirty days after the fixed date
10 set out in the court order. If an amount was ordered to be
11 paid in installments and an installment is not received within
12 thirty days after the date it is due, the entire amount of the
13 judgment debt is deemed delinquent.

14 3. a. A city may contract with a private collection
15 designee for the collection of judgment debt sixty days after
16 the judgment debt in a case is deemed delinquent pursuant to
17 subsection 2.

18 b. The contract shall provide for a collection fee of up
19 to twenty-five percent of the amount of the balance of the
20 judgment debt in a case deemed delinquent. The collection
21 fee shall be added to the amount of the judgment debt deemed
22 delinquent. The amount of the judgment debt deemed delinquent
23 and the collection fee shall be owed by and collected from the
24 defendant. The collection fee shall be used to compensate the
25 private collection designee.

26 Sec. 7. Section 421.17, subsection 27, Code 2009, is amended
27 by adding the following new paragraph:

28 NEW PARAGRAPH. k. A county treasurer may collect delinquent
29 taxes, including penalties and interest, administered by
30 the department in conjunction with renewal of a vehicle
31 registration as provided in section 321.40, subsection 6,
32 paragraph "b", and rules adopted pursuant to this paragraph.
33 County treasurers shall be given access to information
34 required for the collection of delinquent taxes, including
35 penalties and interest, as necessary to accomplish the

1 purposes of section 321.40, subsection 6, paragraph "b". The
2 confidentiality provisions of sections 422.20 and 422.72 do not
3 apply to information provided by the department to a county
4 treasurer pursuant to this paragraph. A county treasurer
5 collecting taxes, penalties, and interest administered by
6 the department is subject to the requirements and penalties
7 of the confidentiality laws of this state regarding tax or
8 indebtedness information. The director shall adopt rules to
9 implement the collection of tax debt as authorized in section
10 321.40 and this paragraph.

11 Sec. 8. Section 421.17, Code 2009, is amended by adding the
12 following new subsection:

13 NEW SUBSECTION. 31. *a.* To the extent permissible by
14 federal law, to subpoena certain records held by a public or
15 private utility company with respect to an individual who has
16 a debt or obligation placed with the centralized collection
17 unit of the department. The subpoena authority granted in this
18 subsection may be used only after reasonable efforts have been
19 made by the centralized collection unit to identify and locate
20 the individual.

21 *b.* The department may subpoena customer records, but
22 shall not request or require the disclosure of transaction
23 information, account activity, or proprietary information.

24 *c.* A public or private utility company shall respond to the
25 subpoenas. The subpoenas shall not be served more frequently
26 than quarterly.

27 *d.* The burden of showing reasonable cause to believe that
28 the documents or records sought by the subpoena are necessary
29 to assist the department under this subsection shall be upon
30 the director. In administering this subsection, the director
31 and the department shall comply with all applicable state and
32 federal laws pertaining to the confidentiality or privacy
33 of individuals or public or private utility companies. The
34 information and customer records obtained by the department
35 pursuant to this subsection are confidential records and are

1 not subject to requests for examination pursuant to chapter 22.

2 e. A public or private utility company shall not be held
3 liable for any action arising as a result of providing the
4 records described in paragraph "b" or for any other action taken
5 reasonably and in good faith to comply with this subsection.

6 f. As used in this subsection, "*public or private utility*
7 *company*" means a public utility, cable, video, or satellite
8 television company, cellular telephone company, or internet
9 service provider.

10 Sec. 9. NEW SECTION. 421C.1 State debt coordinator —
11 established — duties — authority.

12 1. The office of the state debt coordinator is established
13 within the department of revenue for administrative
14 and budgetary purposes. The office is to be headed and
15 administered by the state debt coordinator.

16 a. The governor shall appoint the coordinator, subject
17 to senate confirmation. The coordinator shall possess an
18 expert knowledge of and skills in the field of debt collection
19 and have an intricate understanding of the workings of state
20 government. The coordinator's term of office shall be four
21 years, beginning July 1 of the year of appointment and ending
22 on June 30 of the year of expiration.

23 b. If a vacancy occurs in the office of the state debt
24 coordinator, the vacancy shall be filled for the unexpired
25 portion of the term in the same manner as the original
26 appointment was made.

27 c. The coordinator shall not engage in any occupation,
28 business, or profession that would interfere with or be
29 inconsistent with the coordinator's duties. The coordinator
30 shall not serve on or under any committee of any political
31 party or actively campaign on behalf of a candidate for
32 elective office.

33 2. The duties of the coordinator shall include all of the
34 following:

35 a. Coordinating the internal operations of the office and

1 developing and implementing policies and procedures designed to
2 ensure the efficient administration of the office.

3 *b.* Appointing all personnel deemed necessary for the
4 administration of the functions of the office as provided by
5 this chapter.

6 *c.* Preparing an annual budget for the office.

7 *d.* Developing and recommending legislative proposals
8 deemed necessary for the continued efficiency of the office's
9 functions and reviewing legislative proposals related to
10 matters within the office's purview.

11 *e.* Reviewing the debt collection practices of each branch
12 of state government, except the practices related to the
13 collection of delinquent child support obligations.

14 *f.* Coordinating the collection efforts of each branch of
15 state government.

16 *g.* Making recommendations to the general assembly to improve
17 and increase debt collection efficiencies and practices.

18 *h.* Filing a notice of a lien and negotiating a settlement
19 as provided in section 421C.2.

20 *i.* Managing the debt settlement program established in
21 section 421C.3.

22 *j.* Accepting and maintaining county attorney collection
23 reports required under section 602.8107, subsection 4.

24 *k.* Accepting and reviewing county attorney applications to
25 the debt settlement program as required by section 421C.4.

26 *l.* Adopting rules deemed necessary for the administration of
27 this chapter in accordance with chapter 17A.

28 3. The state debt coordinator shall have the authority to
29 appoint a designee to carry out certain duties provided in this
30 chapter.

31 4. Notwithstanding any other law to the contrary, the office
32 of the state debt coordinator shall be provided access to all
33 state debt collection information, including full viewing
34 access to the Iowa court information system, for the purpose
35 of collecting personal identifying information and collecting

1 or coordinating debt collection efforts. This section does
2 not apply to debt collection information related to delinquent
3 child support obligations.

4 Sec. 10. NEW SECTION. **421C.2 Notice of lien in civil**
5 **action.**

6 1. When a debt obligation is owed the state, the state
7 debt coordinator shall have a lien, to the extent of the debt
8 obligation owed, upon all monetary claims which the debtor may
9 have against third parties. A lien under this section is not
10 effective unless the state debt coordinator files a notice
11 of lien with the clerk of the district court in the county
12 where the debtor resides and with the debtor's attorney or
13 other representative, if applicable. To be effective against
14 a monetary claim, the notice of lien must be filed before a
15 third party has concluded a final settlement with the debtor,
16 the debtor's attorney, or other representative. The third
17 party shall obtain a written determination from the state
18 debt coordinator concerning the amount of the lien before a
19 settlement is deemed final for purposes of this section. A
20 compromise, including but not limited to a settlement, waiver,
21 or release, of a monetary claim under this section does not
22 defeat the state debt coordinator's lien except upon written
23 agreement by the coordinator or the coordinator's designee.
24 A settlement, award, or judgment structured in any manner
25 that does not include a debt obligation owed the state does
26 not defeat the state court debt coordinator's lien if there
27 is any recovery by the debtor unless a written agreement has
28 been entered into between the state debt coordinator or the
29 coordinator's designee and the debtor.

30 2. The state debt coordinator shall be provided viewing
31 access to the Iowa court information system as provided in
32 section 421C.1 to determine if a debtor owes a debt obligation
33 to the state.

34 3. The state debt coordinator's lien is valid and binding on
35 an attorney, insurer, or other third party only upon monetary

1 notice given by the state debt coordinator.

2 4. An insurer or attorney representing a debtor on a
3 monetary claim upon which the state debt coordinator has a lien
4 under this section shall notify the state debt coordinator
5 prior to negotiating a settlement offer, if the insurer or
6 attorney has actual knowledge of the lien.

7 a. Actual knowledge under this section shall include the
8 notice to the attorney pursuant to subsection 1.

9 b. The mailing and deposit in a United States post office
10 or public mailing box of the notice, addressed to the insurer,
11 attorney, or other third party at its location used for service
12 of original notice, is adequate legal notice of the lien.

13 5. Upon a judgment or settlement of a total claim by the
14 debtor, of which the lien for delinquent court debt is a part,
15 the court costs and reasonable attorney fees shall first be
16 deducted from the total judgment or settlement. One-third of
17 the remaining balance shall then be deducted and paid to the
18 debtor. From the remaining balance, the lien of the department
19 shall be paid. Any amount remaining shall be paid to the
20 debtor.

21 6. The state debt coordinator may enforce its lien by a
22 civil action against any liable third party if a judgment or
23 settlement was paid to the debtor without notifying the state
24 debt coordinator as provided in this section.

25 7. For purposes of this section the term "*third party*"
26 includes an attorney, individual, institution, corporation, or
27 public or private agency which is or may be liable to pay all or
28 part of a debtor's monetary claim.

29 Sec. 11. NEW SECTION. 421C.3 Debt settlement program.

30 1. As used in this section, "*eligible debt*" means all
31 delinquent debt obligations owed the state, except as provided
32 in subsection 2. "*Eligible debt*" includes any interest and
33 penalties assessed against such debt obligations.

34 2. The coordinator shall establish a debt settlement
35 program. The program shall apply to all delinquent debt

1 obligations due that are classified as court debt pursuant to
2 section 602.8107.

3 3. The following debt obligations are ineligible for the
4 program:

5 a. Delinquent debt obligations that were imposed less than
6 four years prior to the date of the application.

7 b. Victim restitution as defined in section 910.1.

8 c. Civil penalties assessed pursuant to section 321.218A,
9 321.32A, or 321J.17.

10 d. Jail fees charged pursuant to section 356.7.

11 4. The following persons are ineligible for the program:

12 a. A person whose income level exceeds two hundred percent
13 of the United States poverty level as defined by the most
14 recently revised poverty income guidelines published by the
15 United States department of health and human services.

16 (1) The coordinator may determine that a person whose
17 income is at or below two hundred percent of the United States
18 poverty level as defined by the most recently revised poverty
19 income guidelines published by the United States department of
20 health and human services, is ineligible for the program if the
21 debt coordinator determines the person is able to pay the full
22 amount of the delinquent debt.

23 (2) In making the determination of a person's ability
24 to pay the full amount of the delinquent debt, the court
25 shall consider not only the person's income, but also the
26 availability of any assets subject to execution, including but
27 not limited to cash, stocks, bonds, and any other property
28 which may be applied to the eligible debt.

29 b. A person who is in jail, prison, or who is under
30 supervision during the period of incarceration or supervision.

31 c. A person paying delinquent court debt through an
32 established payment plan with the clerk of the district court,
33 with the centralized collection unit of the department of
34 revenue or its designee, with a county attorney or the county
35 attorney's designee, or with a private collection designee.

1 d. A person who has previously participated in the program.

2 5. Under the program the state debt coordinator is
3 authorized to forgive not more than fifty percent of all
4 eligible debt obligations due.

5 6. The program shall provide that upon written application
6 and payment of the agreed upon percentage of eligible debt
7 obligation due to the state, the state shall forgive any
8 remaining balance of eligible debt obligation due and shall
9 not seek any contempt or civil action or criminal prosecution
10 against the person related to the eligible debt obligation
11 forgiven under the program. Upon the forgiveness of the
12 remaining balance of the eligible debt pursuant to the program,
13 the case in which the debt accrued shall be considered by the
14 state as paid in full.

15 7. The written application shall contain all case numbers
16 associated with the eligible debt obligation due and a general
17 description of such debt.

18 8. Failure to pay the amount agreed upon by the date
19 specified shall bar the person's participation in the program
20 for life.

21 9. A person who participates in the program shall relinquish
22 all administrative and judicial rights to challenge the
23 imposition and the amount of the eligible debt obligation owed.

24 10. If a driver's license is reinstated as a result of
25 participating in the program, the person shall be required to
26 pay a reinstatement fee as provided in section 321.191, any
27 civil penalty assessed pursuant to section 321.218A, 321A.32A,
28 or 321J.17, and provide proof of financial responsibility
29 pursuant to section 321A.17, if otherwise required by law.

30 11. Upon paying the amount required under subsection 5, the
31 department of revenue shall provide the person with a certified
32 document detailing the case numbers paid in full under the
33 program. Any state department, agency, or branch shall, upon
34 the filing of a certified document detailing the cases paid
35 in full under the program, indicate in the records of the

1 department, agency, or branch that the case is in fact paid in
2 full with respect to the eligible debt obligations paid under
3 the program.

4 12. The coordinator shall prepare and make available
5 debt settlement application forms which contain requirements
6 for approval of an application. The coordinator may deny an
7 application that is inconsistent with this section.

8 13. Any department, agency, or branch shall cooperate with
9 the state debt coordinator in administering the program.

10 14. The director of revenue shall establish an account and
11 shall deposit in the account all receipts received under the
12 program. Not later than the fifteenth day of each month, the
13 director shall deposit amounts received with the treasurer of
14 state for deposit in the general fund of the state.

15 15. The state debt coordinator shall submit an annual
16 report by January 1 to the chairpersons and ranking members
17 of the joint appropriations subcommittee on justice systems
18 and the legislative services agency, detailing the amount of
19 debt obligations settled under the program, including the
20 classification of the debt settled and the county of residence
21 of persons who had debt settled under the program or with a
22 debt settlement designee as provided in section 421C.4.

23 Sec. 12. NEW SECTION. **421C.4 Debt settlement collection**
24 **by designees.**

25 1. As used in this section "*county attorney*" means a single
26 county attorney office or a group of county attorney offices
27 whose counties have entered into an agreement pursuant to
28 chapter 28E pursuant to section 602.8107, subsection 4, to
29 collect delinquent court debt.

30 2. The centralized collection unit of the department of
31 revenue and a county attorney collecting delinquent court debt
32 pursuant to section 602.8107, subsection 4, are eligible to
33 act as the state debt coordinator's designee under the debt
34 settlement program. If the centralized collection unit of
35 the department of revenue or a county attorney serves as the

1 state debt coordinator's designee the procedures of the program
2 established in section 421C.3 apply to the designee except as
3 otherwise provided in this section.

4 3. a. In order to be eligible to settle debt under the
5 program, a county attorney shall first make application to
6 the state debt coordinator requesting authority to act as the
7 state debt coordinator's designee. The state debt coordinator
8 shall approve each application, upon a showing of commitment
9 to collect delinquent court debt pursuant to section 602.8107,
10 subsection 4, and upon reaffirmation to continue collection
11 efforts pursuant to section 602.8107, subsection 4. A county
12 attorney is not eligible to participate in the debt settlement
13 program if the county attorney has been deemed ineligible under
14 section 602.8107, subsection 4, paragraph "g".

15 b. If a county attorney is approved to act as the state
16 debt coordinator's designee under the debt settlement program
17 any eligible court debt settled that is more than two years
18 old shall be deposited with the clerk of the district court as
19 provided in section 602.8107, subsection 4, and distributed
20 to the county in accordance with section 602.8107, subsection
21 4. For purposes of calculating the amounts distributed to
22 the county, the amounts collected by the county attorney
23 when acting as the state debt coordinator designee shall
24 be considered as any other debt collected under the county
25 attorney collection program pursuant to section 602.8107,
26 subsection 4. The remainder collected by the county attorney
27 acting as the state debt coordinator's designee shall be
28 remitted to the state court administrator as provided in
29 section 602.8107, subsection 4.

30 4. For those counties in which a county attorney is not
31 acting as the state debt coordinator's designee under the debt
32 settlement program, or for cases the centralized collection
33 unit is collecting upon, the centralized collection unit of the
34 department of revenue may serve as the state debt coordinator's
35 designee.

1 Sec. 13. Section 422.20, subsection 3, paragraph a, Code
2 2009, is amended to read as follows:

3 a. Unless otherwise expressly permitted by section 8A.504,
4 section 421.17, subsections 22, 23, and 26, ~~sections and~~
5 subsection 27, paragraph "k", section 252B.9, section 321.40,
6 subsection 6, sections 321.120, 421.19, 421.28, 422.72, and
7 452A.63, and this section, a tax return, return information,
8 or investigative or audit information shall not be divulged to
9 any person or entity, other than the taxpayer, the department,
10 or internal revenue service for use in a matter unrelated to
11 tax administration.

12 Sec. 14. Section 422.72, subsection 3, paragraph a, Code
13 2009, is amended to read as follows:

14 a. Unless otherwise expressly permitted by section 8A.504,
15 section 421.17, subsections 22, 23, and 26, ~~sections and~~
16 subsection 27, paragraph "k", section 252B.9, section 321.40,
17 subsection 6, sections 321.120, 421.19, 421.28, 422.20, and
18 452A.63, and this section, a tax return, return information,
19 or investigative or audit information shall not be divulged to
20 any person or entity, other than the taxpayer, the department,
21 or internal revenue service for use in a matter unrelated to
22 tax administration.

23 Sec. 15. Section 602.8107, subsection 3, unnumbered
24 paragraph 1, Code Supplement 2009, is amended to read as
25 follows:

26 Thirty days after court debt has been assessed, or if an
27 installment payment is not received within thirty days after
28 the date it is due, the judicial branch ~~may~~ shall assign a case
29 to the centralized collection unit of the department of revenue
30 or its designee to collect debts owed to the clerk of the
31 district court for a period of sixty one hundred twenty days,
32 unless a county attorney has filed with the clerk of the
33 district court a full commitment to collect delinquent court
34 debt pursuant to subsection 4. In addition, court debt which
35 is being collected under an installment agreement pursuant to

1 section 321.210B which is in default that remains delinquent
2 ~~may shall~~ also be assigned to the centralized collection unit
3 of the department of revenue or its designee for a period of
4 one hundred twenty days.

5 Sec. 16. Section 602.8107, subsection 3, paragraph c, Code
6 Supplement 2009, is amended by striking the paragraph.

7 Sec. 17. Section 602.8107, subsection 4, unnumbered
8 paragraph 1, Code Supplement 2009, is amended to read as
9 follows:

10 The county attorney or the county attorney's designee
11 may collect court debt sixty days after the court debt is
12 deemed delinquent pursuant to subsection 2. In order to
13 receive a percentage of the amounts collected pursuant to this
14 subsection, the county attorney must file annually with the
15 clerk of the district court on or before July 1 a notice of full
16 commitment to collect delinquent court debt ~~and must file on~~
17 ~~the first day of each month a list of the cases in which the~~
18 ~~county attorney or the county attorney's designee is pursuing~~
19 ~~the collection of delinquent court debt. The list shall~~
20 ~~include a list of cases where delinquent court debt is being~~
21 ~~collected under an installment agreement pursuant to section~~
22 ~~321.210B, and a list of cases in default which are no longer~~
23 ~~being collected under an installment agreement but remain~~
24 delinquent for all cases assigned to the county for collection
25 by the court. The annual notice shall contain a list of
26 procedures which will be initiated by the county attorney.

27 Sec. 18. Section 602.8107, subsection 4, paragraph f, Code
28 Supplement 2009, is amended by striking the paragraph.

29 Sec. 19. Section 602.8107, subsection 4, Code Supplement
30 2009, is amended by adding the following new paragraphs:

31 NEW PARAGRAPH. g. Beginning July 1, 2010, and every fiscal
32 year thereafter, amounts collected and distributed pursuant to
33 this subsection shall be equal to or greater than twenty-five
34 thousand dollars for each county or twenty-five thousand
35 dollars in the aggregate for counties that have entered into an

1 agreement pursuant to chapter 28E. If a county, or counties
2 that have entered into a chapter 28E agreement, fails to meet
3 the minimum threshold established in this paragraph, the
4 county, or counties under the chapter 28E agreement, shall be
5 ineligible to participate in the county attorney collection
6 program the following fiscal year. In the event a county is
7 ineligible to collect under this program, the county may apply
8 to the state debt coordinator established in section 421C.1 to
9 reenter the program following the fiscal year of ineligibility.

10 NEW PARAGRAPH. *h.* A county participating in the county
11 attorney collection program shall file an annual collection
12 report with the state debt coordinator established in section
13 421C.1. Counties that have entered into a chapter 28E
14 agreement to participate in the county attorney collection
15 program may file one report, detailing collections in each
16 county that is a party to the agreement.

17 Sec. 20. Section 602.8107, subsection 5, paragraphs a and b,
18 Code Supplement 2009, are amended to read as follows:

19 *a.* The judicial branch ~~may~~ shall contract with a private
20 collection designee for the collection of court debt ~~sixty one~~
21 hundred twenty days after the court debt in a case is deemed
22 delinquent pursuant to subsection 2 if the county attorney
23 is not collecting the court debt in a case pursuant to
24 subsection 4. The judicial branch shall solicit requests for
25 proposals prior to entering into any contract pursuant to this
26 subsection.

27 *b.* The contract shall provide for a collection fee ~~equal of~~
28 up to twenty-five percent of the amount of the court debt in
29 a case deemed delinquent. The collection fee as calculated
30 shall be added to the amount of the court debt deemed
31 delinquent. The amount of the court debt deemed delinquent
32 and the collection fee shall be owed by and collected from the
33 defendant. The collection fee shall be used to compensate the
34 private collection designee. The contract may also assess the
35 private collection designee an initial fee for entering into

1 the contract.

2 Sec. 21. Section 909.3, subsection 1, Code 2009, is amended
3 to read as follows:

4 1. All fines imposed by the court shall be paid on the day
5 the fine is imposed, and the person shall be instructed to pay
6 such fines with the office of the clerk of the district court
7 on the date of imposition.

8 Sec. 22. DEBT AMNESTY PROGRAM.

9 1. A debt amnesty program is established within the
10 department of revenue for a period beginning July 1, 2010,
11 through December 31, 2010, for any debt obligation eligible
12 under section 421C.3.

13 2. A person who is in jail or prison, or who is under
14 supervision, is not eligible for the program during the period
15 of incarceration or supervision.

16 3. A person who is paying delinquent court debt through
17 an established payment plan enumerated in section 421C.3,
18 subsection 4, paragraph "c", is also not eligible for the
19 program.

20 4. Under the program the director of revenue is authorized
21 to forgive not more than fifty percent of any eligible debt
22 obligation due.

23 5. The program shall provide that upon written application
24 and payment of the agreed upon percentage of eligible debt
25 obligation due to the state, the state shall forgive any
26 remaining balance of eligible debt obligation due and shall not
27 seek any contempt or civil action, or criminal prosecution,
28 against the person related to the eligible debt obligation
29 forgiven under the program. Upon the forgiveness of the unpaid
30 portion of the eligible debt pursuant to this program, the case
31 in which the debt accrued shall be considered paid in full by
32 the state.

33 6. The written application shall contain all case numbers
34 associated with the eligible debt obligation due, and a general
35 description of such debt.

1 7. Failure to pay the amount agreed upon by the date
2 specified shall bar the person's participation in the program.

3 8. A person who participates in the program shall relinquish
4 all administrative and judicial rights to challenge the
5 imposition and the amount of eligible debt obligation owed.

6 9. If a driver's license is reinstated as a result of
7 participating in the program, the person shall be required to
8 pay a reinstatement fee as provided in section 321.191, any
9 civil penalty assessed pursuant to section 321.218A, 321A.32A,
10 or 321J.17, and provide proof of financial responsibility
11 pursuant to section 321A.17, if otherwise required by law.

12 10. Upon paying the amount required under subsection 5, the
13 department of revenue shall provide the person with a certified
14 document detailing the case numbers paid in full under the
15 program. Any state department, agency, or branch shall, upon
16 the filing of a certified document detailing the cases paid
17 in full under the program, indicate in the records of the
18 department, agency, or branch that the case is in fact paid in
19 full with respect to the eligible debt obligations paid under
20 the program.

21 11. The director shall prepare and make available
22 debt amnesty application forms which contain requirements
23 for approval of an application. The director may deny an
24 application that is inconsistent with this section.

25 12. In order to promote and market this program, the
26 director of the Iowa lottery shall collaborate in the use of
27 the television, print, and radio advertising.

28 13. The department of revenue shall cooperate with the
29 state debt coordinator in administering this program and shall
30 cooperate with the state debt coordinator in establishing the
31 debt settlement program under section 421C.3.

32 14. The director of revenue shall establish an account and
33 shall deposit in the account all receipts received under the
34 program. Not later than the fifteenth day of each month, the
35 director shall deposit amounts received with the treasurer of

1 state for deposit in the general fund of the state.

2 15. The department of revenue by January 15, 2011, shall
3 provide a report to the chairpersons and ranking members
4 of the senate and house committee on appropriations and to
5 the legislative services agency that details the amounts
6 collected under the program, including the classification of
7 debt collected and the county of residence of persons granted
8 amnesty.

9 Sec. 23. COLLECTION OF COURT DEBT BY COUNTY TREASURERS —
10 INTENT — STUDY.

11 1. It is the intent of the general assembly to implement the
12 collection of court debt on behalf of the clerk of the district
13 court at the time a person renews a motor vehicle registration
14 beginning July 1, 2011.

15 2. The state court administrator, or the state court
16 administrator's designee, in cooperation with the Iowa state
17 county treasurers association shall develop a plan to allow
18 county treasurers to collect restitution and delinquent court
19 debt on behalf of the clerk of the district court at the time a
20 person appears before the county treasurer to renew a vehicle
21 registration. The state court administrator shall submit
22 a report of the plan to the general assembly on or before
23 December 1, 2010.

24 Sec. 24. DATA MATCH SYSTEM — REPORT. The state debt
25 coordinator, in consultation with the superintendent of banking
26 and the superintendent of credit unions, shall study the
27 feasibility of developing a data match system using automated
28 data exchanges or other means to identify persons who owe
29 delinquent debt obligations to the state. The state debt
30 coordinator shall file a report detailing any recommendations
31 related to the feasibility of developing a data match system
32 to identify persons owing delinquent debt obligations to the
33 state. The report shall be filed by the state debt coordinator
34 with the chairpersons and ranking members of the appropriations
35 committees of the senate and the house of representatives and

1 with the legislative services agency by January 14, 2011.

2 Sec. 25. EFFECTIVE DATE. The sections of this Act enacting
3 sections 421C.3 and 421C.4 take effect January 1, 2011.

4 EXPLANATION

5 This bill establishes a state debt coordinator and relates
6 to the collection of state debt.

7 The bill changes the priority of payment under the setoff
8 program in Code section 8A.504 if multiple claims exist from
9 various state agencies. Under the bill, claims filed by the
10 clerk of the district court shall be paid prior to claims from
11 the college student aid commission and claims filed by the
12 investigations division of the department of inspections and
13 appeals.

14 The bill allows a county treasurer to collect delinquent
15 state taxes from a person who is applying for renewal of a
16 motor vehicle registration. Current law requires a county
17 treasurer to refuse to renew a vehicle registration if the
18 treasurer knows that the person has a delinquent account,
19 charge, fee, loan, taxes, or other indebtedness owed to or
20 being collected by the state. The person has to address the
21 debt before the county treasurer can renew the registration
22 of the person's vehicle. The bill provides a process for
23 collection of delinquent taxes, including penalties and
24 interest, by the county treasurer in cooperation with the
25 department of revenue. The county treasurer may collect the
26 amount owed prior to issuing the registration renewal. The
27 treasurer is required to update the vehicle records through the
28 distributed teleprocessing network on a daily basis for persons
29 who have paid taxes to the county treasurer and forward the
30 amounts collected to the department of revenue.

31 The bill allows the department of revenue to give county
32 treasurers access to confidential information required for the
33 collection of delinquent taxes. County treasurers are subject
34 to requirements and penalties of confidentiality laws regarding
35 tax or indebtedness information. The bill requires the

1 director of revenue to adopt rules to implement the collection
2 of delinquent taxes by county treasurers.

3 If an applicant for renewal of a vehicle registration
4 chooses to make payment to the county treasurer for delinquent
5 taxes, the applicant is required to pay a \$5 processing fee to
6 the county treasurer, which is to be deposited in the county
7 general fund.

8 The bill allows the centralized collection unit of the
9 department of revenue to lift the motor vehicle registration
10 hold on a person who enters a payment plan with the unit to pay
11 a court debt pursuant to Code section 602.8107, subsection 3.

12 The bill allows the department of revenue to subpoena
13 certain records held by public and private utilities, to the
14 extent permissible by federal law, to be used to identify and
15 locate a person who has a debt obligation placed with the
16 centralized collection unit of the department.

17 The bill permits a city to contract with a private collection
18 designee for the collection of debts owed to a city related to
19 criminal or civil penalties assessed by the city. The bill
20 permits the private collection designee contracting with the
21 city to charge a collection fee of up to 25 percent of the debt.
22 The bill permits the fee to be added to the amount of the debt
23 deemed delinquent and to be used to compensate the private
24 collection designee.

25 The bill establishes a state debt coordinator within
26 the department of revenue for administrative and budgetary
27 purposes. The governor shall appoint the coordinator, subject
28 to senate confirmation. The bill requires the coordinator to
29 possess an expert knowledge of and skills in the field of debt
30 collection, and have an intricate understanding of the workings
31 of state government. The term of office is for four years.

32 The duties of the coordinator include reviewing the debt
33 collection practices of each branch of state government, except
34 the practices related to the collection of a delinquent child
35 support obligation. The duties also include coordinating

1 the collection efforts of each branch of state government,
2 making recommendations to the general assembly to increase
3 debt collection efficiencies and practices, filing a notice
4 of a lien in certain civil court actions, and managing the
5 debt settlement program created in the bill. The bill also
6 permits the coordinator to appoint personnel deemed necessary
7 to administer the office's functions, adopt rules, and prepare
8 an annual budget.

9 Under the bill, when a debt obligation is owed the state the
10 state debt coordinator shall have a lien, to the extent of the
11 debt obligation owed, upon all monetary claims which the debtor
12 may have against third parties. A lien is not effective under
13 this provision unless the state debt coordinator files a notice
14 of lien with the clerk of the district court in the county
15 where the debtor resides and with the debtor's attorney, if
16 applicable. The bill requires the notice of lien to be filed
17 before a third party has concluded a final settlement with
18 the debtor, the debtor's attorney, or other representative.
19 The bill also requires a third party to obtain a written
20 determination from the state debt coordinator concerning the
21 amount of the lien before a settlement is deemed final. A
22 compromise, including but not limited to a settlement, waiver
23 or release, of a debt pursuant to the bill does not defeat the
24 state debt coordinator's lien except upon written agreement by
25 the coordinator or the coordinator's designee and the debtor.

26 Under the bill, if the state debt coordinator files a lien in
27 a civil proceeding and a judgment is entered or a settlement
28 is achieved by the debtor, the court costs and reasonable
29 attorney fees shall first be deducted from this total judgment
30 or settlement. The bill requires one-third of the remaining
31 balance to be deducted and paid to the debtor. The bill
32 requires the remaining balance to be used to pay the lien, and
33 if there is a remaining balance after the payment of the lien,
34 the remainder shall be paid to the debtor.

35 Prior to negotiating a settlement offer, the bill requires

1 an insurer or attorney representing a debtor on a claim upon
2 which the state debt coordinator has a lien to notify the state
3 debt coordinator of the claim if the insurer or attorney has
4 actual knowledge of the lien. If the state debt coordinator
5 mails notification of the lien to any insurer or other third
6 party and any attorney for the debtor, if applicable.

7 The bill permits the state debt coordinator to enforce its
8 lien by a civil action against any liable third party if a
9 settlement was paid to the debtor without notifying the state
10 debt coordinator as provided in this section.

11 The bill permits the state debt coordinator to have access
12 to all state debt collection information, excluding delinquent
13 child support obligations, and including the Iowa court
14 information system for the purpose of identifying personal
15 identifying information for the purpose of coordinating debt
16 collection efforts.

17 The bill creates a debt settlement program within the office
18 of the state debt coordinator. The provisions creating the
19 debt settlement program take effect January 1, 2011. The
20 program applies to all debt obligations owed to the state that
21 are classified as court debt pursuant to section 602.8107,
22 except that the following debt obligations are ineligible for
23 the program: debt that has been assessed less than four years
24 from the date of the application; restitution owed to a victim
25 as defined in Code section 910.1; civil penalties assessed
26 pursuant to Code section 321.218A, 321A.32A, or 321J.17; and
27 jail fees charged pursuant to section 356.7.

28 The bill provides that a person is not eligible for the
29 debt settlement program unless the person has an income level
30 at or below 200 percent of the United States poverty level as
31 defined by the most recently revised poverty income guidelines
32 published by the United States department of health and human
33 services. A person who is incarcerated or under supervision
34 is also not eligible for the program while the person is
35 incarcerated or under supervision.

1 The bill prohibits the state debt coordinator from forgiving
2 more than 50 percent of all eligible debt obligations due.

3 The bill provides that upon written application and payment
4 of the agreed upon percentage of eligible debt obligation due
5 to the state, the state shall forgive any remaining balance of
6 eligible debt obligation due and shall not seek any contempt or
7 civil action or criminal prosecution against the person related
8 to the eligible debt obligation forgiven under the program.

9 Upon the forgiveness of the remaining balance of the eligible
10 debt pursuant to this program, the case under which the debt
11 accrued shall be considered by the state as paid in full.

12 The bill requires the written application to contain all
13 case numbers associated with the eligible debt obligation due,
14 and a general description of such debt.

15 The bill provides that upon failure to pay the amount
16 agreed upon by the date specified shall bar the person from
17 the program for life. The bill prohibits a person from
18 participating in the program more than once in the person's
19 lifetime.

20 The bill requires a person participating in the program to
21 relinquish all administrative and judicial rights to challenge
22 the imposition and the amount of the eligible debt obligation
23 owed.

24 The bill provides that a person paying court debt through an
25 established payment plan with the clerk of the district court,
26 the centralized collection unit of the department of revenue
27 or its designee, a county attorney or the county attorney's
28 designee, or a private collection designee is ineligible for
29 the program.

30 Under the bill, if a driver's license is reinstated as a
31 result of participating in the program, the person shall be
32 required to pay a reinstatement fee as provided in Code section
33 321.191, any civil penalty assessed pursuant to Code section
34 321.218A, 321A.32A, or 321J.17, and provide proof of financial
35 responsibility pursuant to Code section 321A.17, if otherwise

1 required by law.

2 Upon paying the amount of eligible debt agreed upon under the
3 bill, the state debt coordinator shall provide the person with
4 a certified document detailing the case numbers paid in full
5 under the program. Any state department, agency, or branch
6 shall, upon the filing of a certified document detailing the
7 cases paid in full under the program, indicate in the records
8 of the department, agency, or branch that the case is in fact
9 paid in full with respect to the eligible debt obligations paid
10 under the program.

11 The bill requires the state debt coordinator to prepare and
12 make available debt settlement application forms which contain
13 requirements for approval of an application.

14 The bill requires the director of revenue to establish an
15 account and to deposit in the account all receipts received
16 under the program. Not later than the 15th day of each month,
17 the bill requires the director of revenue to deposit amounts
18 received with the treasurer of state for deposit in the general
19 fund of the state.

20 The bill requires the state debt coordinator to submit an
21 annual report by January 1 to the chairpersons and ranking
22 members of the joint appropriations subcommittee on justice
23 system and the legislative services agency, detailing the
24 amount of debt obligations settled under the program including
25 the classification of the debt settled, and the county of
26 residence of persons who had debt settled under the program,
27 including the county of residence for persons who settled debt
28 with a debt settlement designee as provided in Code section
29 421C.4.

30 The bill permits the centralized collection unit of
31 the department of revenue or a county attorney collecting
32 delinquent court debt to act as the state debt coordinator's
33 designee under the debt settlement program. If the centralized
34 collection unit of the department of revenue or a county
35 attorney serves as the state debt coordinator's designee, the

1 procedures of the program established in new Code section
2 421C.3 apply to the designee except as otherwise provided in
3 the bill.

4 If a county attorney desires to act as the state debt
5 coordinator's designee, the bill requires a county attorney or
6 county attorneys acting under an agreement pursuant to Code
7 chapter 28E to make application to the state debt coordinator
8 requesting authority to act as the state debt coordinator's
9 designee. The state debt coordinator shall approve each
10 application, upon a showing of commitment to collect delinquent
11 court debt pursuant to Code section 602.8107, subsection 4, and
12 upon reaffirmation to continue collection efforts pursuant to
13 Code section 602.8107, subsection 4.

14 The bill provides that if a county attorney is approved to
15 act as the state debt coordinator's designee under the debt
16 settlement program, any eligible court debt settled that is
17 more than two years old shall be deposited with the clerk
18 of the district court as provided in Code section 602.8107,
19 subsection 4, and distributed to the county in accordance
20 with Code section 602.8107, subsection 4. For purposes
21 of calculating the amounts distributed to the county, the
22 bill requires the amounts collected by the county attorney
23 when acting as the state debt coordinator designee shall
24 be considered as any other debt collected under the county
25 attorney collection program pursuant to Code section 602.8107,
26 subsection 4. The bill requires the remainder collected by
27 the county attorney acting as the state debt coordinator's
28 designee to be remitted to the state court administrator for
29 distribution under Code section 602.8108.

30 For those counties where a county attorney is not acting as
31 the state debt coordinator's designee under the debt settlement
32 program, or for cases the centralized collection unit is
33 collecting upon, the bill permits the centralized collection
34 unit of the department of revenue to serve as the state debt
35 coordinator's designee.

1 The bill also creates a debt amnesty program that mirrors
2 the debt settlement program except the debt amnesty program
3 is established within the department of revenue beginning on
4 July 1, 2010, through December 31, 2010, and there is no income
5 restriction for persons who want to participate in the program.

6 The bill requires the department of revenue by January 15,
7 2011, to provide a report to the chairpersons and ranking
8 members of the senate and house committee on appropriations,
9 and to the legislative services agency, that details
10 the amounts collected under the program including the
11 classification of debt collected, and the county of residence
12 of persons granted amnesty.

13 Under the bill, beginning July 1, 2010, and every fiscal year
14 thereafter, amounts collected and distributed pursuant to the
15 county attorney collection program shall be equal to or greater
16 than \$25,000 for each county or \$25,000 in the aggregate for
17 counties that have entered into an agreement pursuant to Code
18 chapter 28E. If a county or counties which have entered into a
19 Code chapter 28E agreement fail to meet the minimum threshold
20 established pursuant to the bill, the county or counties
21 under the Code chapter 28E agreement shall be ineligible to
22 participate in the county attorney collection program the
23 following fiscal year. In the event a county is ineligible
24 to collect under the county attorney collection program, the
25 county may apply to the state debt coordinator to reenter the
26 county attorney collection program following the fiscal year
27 of ineligibility.

28 The bill requires the judicial branch to assign all
29 delinquent court debt cases to the centralized debt collection
30 unit of the department of revenue for a period of 120 days
31 after the debt is deemed delinquent unless the county attorney
32 has committed to collecting the delinquent court in debt in the
33 county. Currently, the judicial branch may assign delinquent
34 court debt to the centralized collection unit for a period of
35 60 days. Current law and the bill permit the county attorney

1 to collect delinquent court debt 60 days after the debt is
2 deemed delinquent.

3 The bill strikes the requirement that the centralized
4 collection unit or the county attorney file with the clerk of
5 the district court a notice of the satisfaction of each portion
6 of the court debt paid under the centralized collection unit or
7 county attorney collection program.

8 The bill also requires the judicial branch to contract with
9 a private collection designee for the collection of delinquent
10 court debt 60 days after the debt was deemed delinquent if the
11 county attorney is not collecting the court debt in the case.

12 The bill establishes the collection fee for the private
13 collection designee at up to 25 percent of the total amount
14 of delinquent court debt owed. Current law establishes
15 the collection fee at 25 percent of the total amount of the
16 delinquent court debt owed.

17 The bill expresses the general assembly's intent to
18 implement the collection of court debt at the time a person
19 renews a motor vehicle registration beginning July 1, 2011.
20 The state court administrator, in cooperation with the Iowa
21 state county treasurers association, is required to develop
22 a plan to allow county treasurers to collect restitution and
23 delinquent court debt on behalf of a clerk of the district
24 court at the time a person renews a vehicle registration. A
25 report to the general assembly regarding the plan is due on or
26 before December 1, 2010.

27 The bill requires the state debt coordinator, in
28 consultation with the superintendent of banking and the
29 superintendent of credit unions, to study the feasibility of
30 developing a data match system using automated data exchanges
31 or other means to identify persons who owe delinquent debt
32 obligations to the state. The bill requires the state debt
33 coordinator to file a report relating to its study with
34 the chairpersons and ranking members of the appropriations
35 committees of the senate and house of representatives and with

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1 the legislative services agency by January 14, 2011.