
VIRGINIA STATE BUDGET

2006 Special Session I

Budget Bill - HB5002 (Chapter 3)

Bill Order » Executive Offices » Item 52

Division of Debt Collection

Item 52	First Year - FY2007	Second Year - FY2008
Collection Services (74000)	\$1,665,104	\$1,663,972
State Collection Services (74001)	\$1,665,104	\$1,663,972
Fund Sources:		
Special	\$1,665,104	\$1,663,972

Authority: Title 2.2, Chapter 5, Code of Virginia.

A. All agencies and institutions shall follow the procedures for collection of funds owed the Commonwealth as specified in §§ 2.2-518 and 2.2-4806 of the Code of Virginia, except as provided otherwise therein or in this act.

B.1. There is hereby created on the books of the Comptroller a special nonreverting fund known as the "Debt Collection Recovery Fund." The Division of Debt Collection shall deposit to the Fund all revenues generated by it, less any cost of recovery, from receivables collected on behalf of state agencies, pursuant to §§ 2.2-518 and 2.2-4806 of the Code of Virginia. This deposit provision shall also apply to state agencies for any direct payment received by an agency on an account that has been referred for collection to the Division of Debt Collection. Upon making a deposit into the Fund, the state agency shall report the deposit to the Division of Debt Collection.

2. The Secretary of Finance may make exemptions from the required deposits to the Fund, as specified in B.1. above, upon his determination that such collections are more appropriately returned to the fund source in which such receivables are due. Any such exemptions shall be reported by the Secretary of Finance to the Division of Debt Collection and to the Chairmen of the Senate Finance and House Appropriations Committees within 30 days of such approval.

3.a. The Division of Debt Collection is entitled to retain as fees up to 30 percent of any revenues generated by it pursuant to paragraph B.1. to pay operating costs supported by the appropriation in this item.

b. Upon closing its books at the end of the fiscal year, after the execution of all transfers as required by paragraph B.5. of this item, the Division of Debt Collection shall transfer to the general fund all retained fees in excess of a \$400,000 balance in its operating accounts after payment of all fiscal year operating costs.

4. The Director, Department of Planning and Budget, may grant an exception to the provisions in paragraph B.3.b. if the Division of Debt Collection can show just cause.

5. From the amounts collected for the Fund, 30 percent shall be returned to the state agency for which the claim was collected. Out of the balance in the Fund, the State Comptroller shall transfer up to \$3,444,000 to the general fund on or before June 30, 2007, and up to \$3,444,000 on or before June 30, 2008. Any amount in excess of the transfer which remains in the Debt Collection Recovery Fund each year after the transfer shall be returned on a pro rata basis to all state agencies having claims collected by the Division of Debt Collection during the course of the year, to the extent that such collections contributed to the balance in the Fund.

C. The Division of Debt Collection may contract with private collection agents for the collection of debts amounting to less than \$15,000.

D. The Attorney General shall provide a report on the most cost-effective strategies for improving Virginia's collections of accounts receivable, including both general and nongeneral fund receivables. The Secretary of Finance shall provide assistance as necessary in the preparation of this report. Copies of this report shall be provided to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 16, 2006.