

GENERAL ASSEMBLY OF NORTH CAROLINA  
1993 SESSION

CHAPTER 512  
HOUSE BILL 124

AN ACT TO ESTABLISH A STATEWIDE PROGRAM TO IMPROVE THE  
COLLECTION OF ACCOUNTS RECEIVABLE BY THE STATE.

The General Assembly of North Carolina enacts:

Section 1. Chapter 147 of the General Statutes is amended by adding a new Article to read:

"ARTICLE 6B.

"Statewide Accounts Receivable Program.

**"§ 147-86.20. Definitions.**

The following definitions apply in this Article:

- (1) Account Receivable. – An asset of the State reflecting a debt that is owed to the State and has not been received by the State agency servicing the debt. The term includes claims, damages, fees, fines, forfeitures, loans, overpayments, and tuition as well as penalties, interest, and other costs authorized by law. The term does not include court costs or fees assessed in actions before the General Court of Justice or counsel fees and other expenses of representing indigents under Article 36 of Chapter 7A of the General Statutes.
- (2) Debtor. – A person who owes an account receivable.
- (3) Past Due. – An account receivable is past due if the State has not received payment of it by the payment due date.
- (4) Person. – An individual, a fiduciary, a firm, a partnership, an association, a corporation, a unit of government, or another group acting as a unit.
- (5) State Agency. – Defined in G.S. 147-64.4(4). The term does not include, however, a community college, a local school administrative unit, an area mental health, developmental disabilities, and substance abuse authority, or the General Court of Justice.
- (6) Write-off. – To remove an account receivable from a State agency's accounts receivable records.

**"§ 147-86.21. State agencies to collect accounts receivable in accordance with statewide policies.**

A State agency to which an account receivable is owed is responsible for collecting the account receivable. In fulfilling this responsibility, a State agency shall establish internal policies and procedures for the management and collection of accounts

receivable and shall submit its internal policies and procedures to the State Controller for review.

The State Controller shall examine the policies and procedures submitted by a State agency to determine whether they are consistent with statewide policies and procedures adopted by the State Controller. The statewide policies and procedures shall ensure that a State agency takes all cost-effective and appropriate actions to collect accounts receivable owed to it. If the State Controller determines that a State agency's policies and procedures are not consistent with the statewide policies and procedures, the State Controller shall discuss the inconsistencies with the State agency to determine whether special circumstances, such as a requirement of federal law, justify the inconsistencies. If the State Controller, after consulting with the Office of the Attorney General, finds that no special circumstances justify the inconsistencies, the State Controller shall notify the State agency and the State agency shall conform its policies and procedures to the statewide policies and procedures. If the State Controller finds that special circumstances justify the inconsistencies, the State agency's internal policies and procedures shall reflect the special circumstances.

**"§ 147-86.22. Statewide accounts receivable program.**

(a) Program. – The State Controller shall implement a statewide accounts receivable program. As part of this program, the State Controller shall do all of the following:

- (1) Monitor the State's accounts receivable collection efforts.
- (2) Coordinate information, systems, and procedures between State agencies to maximize the collection of past-due accounts receivable.
- (3) Adopt policies and procedures for the management and collection of accounts receivable by State agencies.
- (4) Establish procedures for writing off accounts receivable and for determining when to end efforts to collect accounts receivable after they have been written off.

(b) Credit Card Payment. – The State Controller may establish policies that allow accounts receivable to be payable under certain conditions, with the concurrence of the State Treasurer, by credit card. A condition of payment by credit card is receipt by the appropriate State agency of the full amount of the account receivable owed to the State agency. A debtor who pays by credit card shall be required to include an amount equal to any fee charged by a depository financial institution for processing the credit card payment. A payment of an account receivable that is made by credit card and is not honored by the issuer of the credit card does not relieve the debtor of the obligation to pay the account receivable.

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

State to a person to reduce or eliminate an account receivable that the person owes the State.

**"§ 147-86.23. Interest and penalties.**

A State agency shall charge interest at the rate established pursuant to G.S. 105-241.1(i) on a past-due account receivable from the date the account receivable was due until it is paid. A State agency shall add to a past-due account receivable a late payment penalty of no more than ten percent (10%) of the account receivable. A State agency may waive a late-payment penalty for good cause shown. If another statute requires the payment of interest or a penalty on a past-due account receivable, this section does not apply to that past-due account receivable.

**"§ 147-86.24. Debtor information and skip tracing.**

A State agency shall collect from clients and debtors minimum identifying information as prescribed by the State Controller. A State agency shall use all available debtor information to skip trace debtors as prescribed by the State Controller.

The State Controller shall establish procedures to give the State Controller access to information that is in the custody of a State agency and could assist another State agency in the collection of accounts receivable owed to that State agency. A State agency that has this information shall cooperate with the State Controller in giving the State Controller access to the information. If the information is contained in an electronic database, the State agency shall provide the State Controller on-line electronic access upon request. A State agency is not required to give the State Controller access to information when a State or federal law prohibits the disclosure of the information.

**"§ 147-86.25. Setoff debt collection.**

The State Controller shall implement a statewide setoff debt collection program to provide for collection of accounts receivable that have been written off. The statewide program shall supplement the Setoff Debt Collection Act, Chapter 105A of the General Statutes, and shall provide for written-off accounts receivable to be set off against payments the State owes to debtors, other than payments of individual income tax refunds and payroll.

A program shall provide that, before final setoff can occur, the State agency servicing the debt must notify the debtor of the proposed setoff and of the debtor's right to contest the setoff through an administrative hearing and judicial review. A proposed setoff by a State agency that is a 'claimant agency' under Chapter 105A of the General Statutes shall be conducted in accordance with the procedures the State agency must follow under that Chapter. A proposed setoff by a State agency that is not a 'claimant agency' under Chapter 105A of the General Statutes shall be conducted under Articles 3 and 4 of Chapter 150B of the General Statutes.

**"§ 147-86.26. Reporting requirements.**

A State agency shall provide the State Controller a complete report of the agency's accounts receivable at least quarterly or more frequently as required by the State Controller. The State Controller shall use the information provided by a State agency and any additional information available to compile a summary report of the agency. The State Controller shall provide copies of these summary reports annually to the

Governor, the Joint Legislative Commission on Governmental Operations, and each State agency. Each summary report shall include the following:

- (1) The type of accounts receivable owed to the State agency.
- (2) An aging of the accounts receivable.
- (3) Any attempted collection activity and any costs incurred in the collection process.
- (4) Any accounts receivable that have been written off.
- (5) Information required by subdivisions (1) through (4) for the previous three years.
- (6) Identification of a State agency that is not complying with this Article or Chapter 105A of the General Statutes.
- (7) Any additional information the State Controller considers useful.

**"§ 147-86.27. Rules.**

A State agency may adopt rules to implement this Article."

Sec. 2. G.S. 143B-426.39 is amended by adding a new subdivision to read:

"(9a) Implement a statewide accounts receivable program in accordance with Article 6B of Chapter 147 of the General Statutes."

Sec. 3. G.S. 96-4(t)(1) reads as rewritten:

"(1) Confidentiality of Information Contained in Records and Reports. – (i) Except as hereinafter otherwise provided, it shall be unlawful for any person to obtain, disclose, or use, or to authorize or permit the use of any information which is obtained from any employing unit or individual pursuant to the administration of this Chapter. (ii) Any claimant or employer or their legal representatives shall be supplied with information from the records of the Employment Security Commission to the extent necessary for the proper presentation of claims or defenses in any proceeding under this Chapter. Notwithstanding any other provision of law, any claimant may be supplied, subject to restrictions as the Commission may by regulation prescribe, with any information contained in his payment record or on his most recent monetary determination, and any individual, as well as any interested employer, may be supplied with information as to the individual's potential benefit rights from claim records. (iii) Subject to restrictions as the Commission may by regulation provide, information from the records of the Employment Security Commission may be made available to any agency or public official for any purpose for which disclosure is required by statute or regulation. (iv) The Commission may, in its sole discretion, permit the use of information in its possession by public officials in the performance of their public duties. (v) The Commission shall release the payment and the amount of unemployment compensation benefits upon receipt of a subpoena in a proceeding involving child support. (vi) The Commission shall furnish to the State Controller any information the State Controller

needs to prepare and publish a comprehensive annual financial report of the ~~State~~-State or to track debtors of the State."

Sec. 4. G.S. 105A-3 is amended by adding a new subsection to read:

"(d) A claimant agency must register with the Department and report annually to the Department the amount of debts owed to the agency for which the agency did not submit a claim for setoff and the reason for not submitting the claim."

Sec. 5. G.S. 147-86.27, as enacted by Section 1 of this act, becomes effective July 1, 1994. The remainder of this act becomes effective July 1, 1993. The interest and penalties authorized by G.S. 147-86.23, as enacted by Section 1 of this act, apply to debts incurred on or after July 1, 1993.

In the General Assembly read three times and ratified this the 24th day of July, 1993.

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Dennis A. Wicker  
President of the Senate

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Daniel Blue, Jr.  
Speaker of the House of Representatives