

2024 South Dakota Legislature

House Bill 1070**AMENDMENT 1070C
FOR THE INTRODUCED BILL**

1 **An Act to provide for the use of the obligation recovery center by counties.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 1-55-1 be AMENDED:**

4 **1-55-1.** Terms used in this chapter mean:

- 5 (1) "Account receivable cycle," the period of time, not to exceed one hundred eighty
6 days, during which the center may attempt to collect on a debt before the debt is
7 forwarded to any collection agency in accordance with § 1-55-14;
- 8 (2) "Center," the obligation recovery center;
- 9 (3) "Debt," a legal obligation to pay money, including any principal, any interest that
10 has accrued or will accrue until the debt is paid, any penalties, any costs, and any
11 other charges permitted by law. The term also includes any obligation of any kind
12 referred to the center for collection by any agency of the state, the Unified Judicial
13 System, the Board of Regents, a technical college supported by the state under
14 § 13-39A-42, ~~or a constitutional office,~~ or any participating county;
- 15 (4) "Debtor," a person who is indebted to the state ~~or,~~ a state agency, or participating
16 county for any delinquent accounts, charges, fees, loans, taxes, or other
17 indebtedness due the state, or any person that owes any obligation being collected
18 by the center;
- 19 (5) "Bad debt," any debt due an agency of the state, county, the Board of Regent's
20 system, any technical college supported by the state under § 13-39A-42, or a
21 constitutional office that is no longer subject to an administrative appeal or judicial
22 review following an administrative appeal, or any costs, fines, fees, or restitution
23 ordered in any adult criminal proceeding through the Unified Judicial System no
24 longer subject to direct appeal under § 23A-32-2;
- 25 (6) "Final notification," the notification provided by § 1-55-7; ~~and~~

- 1 (7) "Participating county," a county that voluntarily participates in collection of debts
 2 owed to the county by the center; and
 3 (8) "Referring entity," the entity referring the debt to the state obligation recovery
 4 center for collection.

5 **Section 2. That § 1-55-2 be AMENDED:**

6 **1-55-2.** There is hereby created the obligation recovery center, which is attached
 7 to the Bureau of Administration for budgeting and reporting purposes. The center is a
 8 central repository for identification, registration, oversight, and collection of debts owed
 9 to any agency or department of the state, ~~or~~ to any postsecondary technical institute
 10 supported by the state under § 13-39A-42, or to any participating county.

11 **Section 3. That § 1-55-3 be AMENDED:**

12 **1-55-3.** The center shall work to collect each bad debt referred to the center during
 13 the account receivable cycle. The character of the debt in the hands of the referring entity
 14 does not change by the referral of the debt to the center for collection. Among other
 15 powers granted by this chapter, the center may:

- 16 (1) Sue;
 17 (2) File liens;
 18 (3) Enter into payment agreements with debtors;
 19 (4) Impose a cost recovery fee;
 20 (5) Collect data for debt collection purposes;
 21 (6) Establish and maintain a centralized electronic debt management system;
 22 (7) Exercise settlement authority granted by the referring entity;
 23 (8) Setoff against any moneys to be paid by the State of South Dakota, participating
 24 county, or any referring entity to a debtor;
 25 (9) Contract with multiple collection agencies for the collection of debt on behalf of the
 26 center;
 27 (10) Except for the debt collection powers vested in the Unified Judicial System, the
 28 center may use the referring entity's statutory collection authority to collect the
 29 bad debt owed to the referring entity; and
 30 (11) Utilize all debt collection methods authorized by state law.

31 The office may determine which method or combination is most suitable to collect
 32 the debt.

1 **Section 4. That § 1-55-6 be AMENDED:**

2 **1-55-6.** The center may be used during the account receivable cycle by:

- 3 (1) Any agency of the state to collect bad debt owed to the agency;
- 4 (2) The Unified Judicial System to collect any costs, fines, fees, or restitution,
5 constituting final debt, ordered in any adult criminal proceeding;
- 6 (3) The Board of Regents to collect any final debt owed within the Board of Regents'
7 system;
- 8 (4) Any technical college supported by the state under § 13-39A-42 to collect any final
9 debt owed within the technical college system; ~~and~~
- 10 (5) Any constitutional office to collect final debt owed to the constitutional office; and
- 11 (6) Any participating county to collect final debt owed to the county.

12 **Section 5. That § 1-55-9 be AMENDED:**

13 **1-55-9.** The center may collect data for purposes of collecting any debt referred
14 to the center. Notwithstanding any law to the contrary, referring entities are authorized
15 to transmit data to the center deemed necessary by the center to aid in the collection of
16 the referred debt and the center may share, request, and shall receive from any
17 participating county or state agency any data to collect any debt referred to the center.
18 Any information provided by a referring entity, county, or a state agency may only be
19 used for the purpose of collecting the debts referred to the center.

20 **Section 6. That § 1-55-15 be AMENDED:**

21 **1-55-15.** The Bureau of Administration may promulgate rules, pursuant to chapter
22 1-26, in the following areas:

- 23 (1) Definitions;
- 24 (2) Procedure for remitting moneys collected to referring entities;
- 25 (3) Processes and procedures for entering into payment agreements with debtors;
- 26 (4) A process for the imposition of the cost recovery fee;
- 27 (5) The data collection system;
- 28 (6) The centralized electronic debt management system;
- 29 (7) The settlement authority process;
- 30 (8) The procedure for sending information to the Division of Motor Vehicles concerning
31 the nonrenewal of registrations for motor vehicles, motorcycles, and boats;

- 1 (9) The procedure for sending information to the Department of Public Safety
- 2 concerning the nonrenewal of driver licenses;
- 3 (10) The procedure for sending information to the Department of Game, Fish and Parks
- 4 concerning the nonissuance of hunting licenses, fishing licenses, state park
- 5 permits, and camping permits;~~and~~
- 6 (11) The setoff of debt process;
- 7 (12) The conditions under which a county may refer debt owed to the county to the
- 8 center for collection; and
- 9 (13) The procedure to be followed by a county desiring to refer debt owed to the county
- 10 to the center for collection.

11 **Section 7. That a NEW SECTION be added to chapter 1-55:**

12 In addition to the provisions of § 1-55-4, the center shall collect an additional cost

13 recovery fee on debt collected for participating counties. The amount of the additional cost

14 recovery fee must be at an amount set by rules pursuant to chapter 1-26 but may not

15 exceed ten percent. The additional recovery fee must be collected out of the amount to

16 be remitted to the participating county and deposited into the fund within the Bureau of

17 Administration as provided in § 1-55-4.