

State of South Dakota

NINETY-FOURTH SESSION
LEGISLATIVE ASSEMBLY, 2019

695B0588

HOUSE BILL NO. 1166

Introduced by: Representatives Cwach, Pischke, Pourier, Randolph, Rasmussen, and Sullivan and Senators Wismer and Foster

1 FOR AN ACT ENTITLED, An Act to prohibit the obligation recovery center from imposing
2 a cost recovery fee on any debts owed within the Board of Regents' system.

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

4 Section 1. That § 1-55-3 be amended to read:

5 1-55-3. The center shall work to collect each bad debt referred to the center during the
6 account receivable cycle. The character of the debt in the hands of the referring entity does not
7 change by the referral of the debt to the center for collection. Among other powers granted by
8 this chapter, the center may:

- 9 (1) Sue;
- 10 (2) File liens;
- 11 (3) Enter into payment agreements with debtors;
- 12 (4) Impose a cost recovery fee on debts referred to the center with the exception of any
13 debts owed within the Board of Regents' system;
- 14 (5) Collect data for debt collection purposes;
- 15 (6) Establish and maintain a centralized electronic debt management system;



- 1 (7) Exercise settlement authority granted by the referring entity;
- 2 (8) Setoff against any moneys to be paid by the State of South Dakota or any referring
3 entity to a debtor;
- 4 (9) Contract with multiple collection agencies for the collection of debt on behalf of the
5 center;
- 6 (10) Except for the debt collection powers vested in the Unified Judicial System, the
7 center may use the referring entity's statutory collection authority to collect the bad
8 debt owed to the referring entity; and
- 9 (11) Utilize all debt collection methods authorized by state law.

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

11 Section 2. That § 1-55-4 be amended to read:

12 1-55-4. For any bad debt referred to the center for collection after July 1, 2015, with the
13 exception of any debt owed within the Board of Regents' system, the center shall collect a cost
14 recovery fee in addition to the debt referred to the center for collection. The cost recovery fee
15 is calculated by multiplying the principal amount of the debt referred to the center by twenty
16 percent. All debt collection methods available to collect any bad debt referred to the center may
17 be used by the center to collect the cost recovery fee. The cost recovery fee shall be deposited
18 into the general fund and the operations of the center and shall be subject to the annual
19 budgeting process specified in chapter 4-7.