

CHAPTER 16D

STATE DEBT COLLECTION

16D.03	Supervision of state debt collection.	16D.09	Uncollectible debts.
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16D.03 SUPERVISION OF STATE DEBT COLLECTION.

[For text of subs 1 and 2, see M.S.2002].

Subd. 3. [Repealed, 2003 c 112 art 1 s 19]

16D.08 COLLECTION DUTIES AND POWERS.

[For text of subd 1, see M.S.2002]

Subd. 2. **Powers.** (a) In addition to the collection remedies available to private collection agencies in this state, the commissioner, with legal assistance from the attorney general, may utilize any statutory authority granted to a referring agency for purposes of collecting debt owed to that referring agency. The commissioner may also use the tax collection remedies in sections 270.06, 270.66, 270.67, subdivisions 2 and 4, 270.69, 270.70, 270.7001 to 270.72, and 290.92, subdivision 23. A debtor may take advantage of any administrative or appeal rights contained in the listed sections. For administrative and appeal rights for nontax debts, references to administrative appeals or to the taxpayer rights advocate shall be construed to be references to the case reviewer, references to Tax Court shall be construed to mean district court, and offers in compromise shall be submitted to the referring agency. A debtor who qualifies for cancellation of collection costs under section 16D.11, subdivision 3, clause (1), can apply to the commissioner for reduction or release of a continuous wage levy, if the debtor establishes that the debtor needs all or a portion of the wages being levied upon to pay for essential living expenses, such as food, clothing, shelter, medical care, or expenses necessary for maintaining employment. The commissioner's determination not to reduce or release a continuous wage levy is appealable to district court. The word "tax" or "taxes" when used in the tax collection statutes listed in this subdivision also means debts referred under this chapter.

(b) Before using the tax collection remedies listed in this subdivision, notice and demand for payment of the amount due must be given to the person liable for the payment or collection of the debt at least 30 days prior to the use of the remedies. The notice must be sent to the person's last known address and must include a brief statement that sets forth in simple and nontechnical terms the amount and source of the debt, the nature of the available collection remedies, and remedies available to the debtor.

History: *1Sp2003 c 1 art 2 s 57*

16D.09 UNCOLLECTIBLE DEBTS.

Subdivision 1. **Generally.** When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt has been discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of the debt. The determination of the uncollectibility of a debt must be reported by the state agency along with the basis for that decision as part

of its quarterly reports to the commissioner of finance. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

Subd. 2. [Repealed, 2003 c 112 art 1 s 19]

History: 2003 c 112 art 1 s 14

16D.13 INTEREST.

Subdivision 1. **Authority.** Unless otherwise provided by a contract out of which the debt arises, by state or federal law, or by a written justification from an agency and approved by the Department of Finance showing the costs of charging interest exceed the benefit, a state agency shall charge simple interest on debts owed to the state at the rate provided in subdivision 2 if notice has been given in accordance with this subdivision. Interest charged under this section begins to accrue on the 30th calendar day following the state agency's first written demand for payment that includes notification to the debtor that interest will begin to accrue on the debt in accordance with this section.

Subd. 2. **Computation.** Notwithstanding chapter 334, the rate of interest is the rate established by the Department of Revenue under section 270.75.

[For text of subd 3, see M.S.2002]

History: 2003 c 112 art 1 s 15,16