

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001**

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HOUSE BILL 1737

Short Title: Governor's Efficiency Study Commission.

(Public)

Sponsors: Representatives Owens; Allen and Hill.

Referred to: Finance.

June 17, 2002

A BILL TO BE ENTITLED

1 AN ACT RELATING TO THE RECOMMENDATIONS OF THE GOVERNOR'S
2 EFFICIENCY STUDY COMMISSION RELATING TO A FEE FOR THE
3 STATEWIDE ACCOUNTS RECEIVABLE PROGRAM AND IMPLEMENTING
4 AN EFFICIENCY IMPROVEMENT COST-SAVINGS PROGRAM.
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6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 147-86.22(c) reads as rewritten:

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

16 No later than January 1, 1999, the State Controller shall negotiate a contract with a
17 third party to perform an audit and collection process of inadvertent overpayments by
18 State agencies to vendors as a result of pricing errors, neglected rebates and discounts,
19 miscalculated freight charges, unclaimed refunds, erroneously paid excise taxes, and
20 related errors. The third party shall be compensated only from funds recovered as a
21 result of the audit. Savings realized in excess of costs shall be transferred from the
22 agency to the Office of State Budget and Management and placed in a special reserve
23 account for future direction by the General Assembly. Any disputed savings shall be
24 settled by the State Controller. This paragraph does not apply to the purchase of medical
25 services by State agencies or payments used to reimburse or otherwise pay for health
26 care services."

27 **SECTION 2.** G.S. 147-86.22 is amended by adding a new subsection to
28 read:

1 "(d) Fee. – A collection assistance fee is imposed on a past-due debt that remains
2 unpaid 30 days or more after the fee notice required by this subsection is mailed to the
3 debtor. In order to impose a collection assistance fee on a past-due debt, the agency
4 shall notify the debtor that the fee will be imposed if the past-due debt is not paid in full
5 within 30 days after the date the fee notice was mailed to the debtor. The amount of the
6 collection assistance fee is twenty percent (20%) of the amount of the overdue debt. If
7 the State agency collects only part of the overdue debt, the collection assistance fee has
8 priority over the debt. The fee is a receipt of the agency and shall be applied to the costs
9 of collecting past-due debts. The proceeds of the fee shall be credited to a special
10 account within the agency and may be expended only as provided in this subsection.
11 The agency may apply the proceeds of the fee to pay contractors for collecting debts
12 under this subsection."

13 **SECTION 3.** Chapter 143 of the General Statutes is amended by adding a
14 new Article to read:

15 "Article 36B.

16 "Efficiency Improvement Cost-Savings Program.

17 **"§ 143-345.30. Efficiency Improvement Cost-Savings Program, reserve.**

18 A competitive grant reserve shall be set up in the Office of State Budget and
19 Management to fund State agency efficiency improvements. One-half of one percent
20 (0.5%) of the General Fund operating appropriations of most State agencies (after
21 exclusions for certain instructional, entitlement, and other special accounts) shall be set
22 aside with one-half of that being reverted to the General Fund immediately. Of the part
23 remaining in the competitive reserve, one-half shall be used to implement cost-savings
24 efficiency projects internal to State agencies and the other one-half shall be used to
25 implement cost-savings efficiency projects that are either multiagency or statewide
26 improvement projects. The Office of State Budget and Management and the Office of
27 the State Controller shall adopt rules for the operation of the competitive grant reserve.
28 The Office of State Auditor shall conduct audits as required to confirm that the savings
29 actually occur."

30 **SECTION 4.** This act becomes effective July 1, 2002.