



# CIRCULAR

## STATE OF NEW JERSEY

### DEPARTMENT OF THE TREASURY

NO.: 13-11-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 4
EFFECTIVE DATE: 12-10-12	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 11-20-OMB
SUBJECT: STATEWIDE NON-TAX DEBT COLLECTION AND WRITE-OFF		
ATTENTION: DIRECTORS OF ADMINISTRATION AND CHIEF FISCAL OFFICERS		
FOR INFORMATION CONTACT: CHRIS BESLER		PHONE: (609) 777-1020

This updated Circular eliminates the need for the Department of the Treasury, Office of Management and Budget to review and approve non-tax debt write-offs that are not listed on the State's general ledger.

#### **PURPOSE**

This policy sets forth the basic responsibilities, principles, and general instructions for all State agencies to adequately manage the collection of unpaid and overdue amounts associated with fines, fees, penalties and other assessments (non-tax debt) to ensure all efforts are expended to maximize revenue and operational efficiency. Agencies shall make every effort to collect amounts due. If an agency is unable to collect a debt within 90 days, the account shall be transferred to the Department of the Treasury, Division of Revenue and Enterprise Services (DORES), Cross Agency Collection and Services Bureau for further collection efforts. DORES was established for the purpose of consolidating and streamlining State government's revenue management functions including receipt processing and debt collection. DORES is a centralized collection agency that provides assistance to all State agencies in the recovery and resolution of non-tax debt.

This policy also sets forth the general instructions for the removal of uncollectible non-tax debt from an agency's records, and the subsequent write-off of such debt that may appear in the State's general ledger. All non-tax debt that is only on the agency's and DORES' records and deemed uncollectible and eligible for write-off by DORES must be submitted to the Chief, DORES, Cross Agency Collection and Services Bureau for final approval. Those non-tax debts that appear in the State's general ledger must be submitted to the Director, Office of Management and Budget for final approval. Only when such approval has been obtained may those accounts be removed from the books of the State and/or agency.

#### **NON-TAX DEBT COLLECTION**

#### **AGENCY RESPONSIBILITY**

Each agency is responsible for ensuring their internal systems for debt collection are adequate to effectively collect the amounts due. These internal systems shall include a computerized database that is designed and utilized to track and report on open accounts. The computerized database must be designed and utilized to accurately capture all of the information listed below.

For accounts involving individuals, the information shall include:

- First name, last name, middle initial and if applicable, designations (e.g., "Jr.", "Sr.", "III")
- Home address
- Home telephone number
- Office telephone number
- Social security number
- Nature of debt
- Date of debt
- Amount of debt
- Payment (s) amount(s)
- Payment(s) date(s)
- Balance due

For accounts involving businesses, the information shall include:

- Company name
- Company address
- Contact(s) name(s)
- Contact(s) telephone numbers(s)
- Federal identification number
- Nature of debt
- Date of debt
- Amount of debt
- Payment(s) amount(s)
- Payment(s) date(s)
- Balance due

All accounts, whether individual or company, shall be assigned account numbers that are consistent and logical for the agency.

The agency shall develop and establish written procedures and guidelines to be followed by all staff assigned to the debt collection function. These procedures and guidelines shall include, at a minimum, the following:

- Initial billing (invoice)
- First dunning letter via regular and/or certified mail after 30 days
- Telephone call after 45 days
- Second dunning letter via regular and/or certified mail after 60 days
- Telephone call after 75 days
- Transfer account to DORES at 91 days

With the written approval of DORES, the agency may employ alternate procedures and guidelines for collecting non-tax debt. The agency must demonstrate to DORES' satisfaction that the alternate procedures and guidelines ensure due diligence and follow-up on non-tax debt accounts and that they support efficient and effective collection practices.

The agency shall contact DORES at (609) 777-1020 to arrange for the account transfer.

**DORES, CROSS AGENCY COLLECTION AND SERVICES BUREAU**

All account records transferred to DORES shall be in compliance with the following:

- Record Content – Each account record transferred to DORES shall individually identify each debtor and provide all information regarding the debtor and the debt as outlined above. To the extent possible, each record should also include any information that will facilitate collection operations such as employer source and asset data. In cases where social security numbers are unavailable, the agency must submit a written explanation to DORES.
- Record Format – Account records transferred shall be in a generic electronic format such as a text file or a file produced by commonly used spreadsheet program, which is acceptable to DORES.

Once account records are transferred, DORES shall be the legal custodian thereof and shall be responsible for conducting all collection operations on the accounts using all available methods. DORES will also be responsible for the maintenance and disposition of all transferred account records as required by State law, and for safeguarding the records through enforcement of standardized anti-browsing and confidentiality controls.

DORES is empowered to conduct cross agency record searches, using all available records, and to match/merge data derived from such searches for the purpose of non-tax debt collection. In this regard, DORES will have unlimited access to statewide information that will assist in the resolution of all outstanding cases. DORES is to act as a clearinghouse for non-tax debtor location and asset information for all State agencies.

Any debt collected by DORES on behalf of an agency shall be credited to the appropriate account(s) of the Executive Branch Department that transferred the debt to DORES.

DORES may classify an account as uncollectible if all appropriate collection options have been exercised and the debt remains unpaid.

**NON-TAX DEBT WRITE-OFF**

All documentation of the efforts made to collect on non-tax debt accounts, including all correspondence received, must be retained until the accounts are either paid or approved for write-off. An account shall be deemed uncollectible and eligible for write-off only if DORES deems the account uncollectible and if the account meets one of the following criteria:

1. Any debt of \$250 or less, which is delinquent at least six months with no contact or no payment from the debtor for at least six months.
2. Any debt greater than \$250, but no more than \$1,000 that is delinquent at least nine months with no contact or no payment from the debtor for at least nine months.
3. Any debt greater than \$1,000 that is delinquent at least one year with no contact or no payment from the debtor for at least one year. A judgment against the debtor must be obtained.
4. Any debt that is owed by a debtor that is deceased and there are no assets in his or her estate from which to collect the sum owed. A copy of the death certificate is required.
5. Any debt or portion thereof that is discharged in bankruptcy. A copy of the discharge notice is required.

6. Any debt that is owed by a corporation that is no longer in business or has been dissolved and there are no assets from which to collect the sum owed. Written documentation is required.
7. Any debt that is determined to be uncollectible by the Attorney General, his designee, or other agency legal counsel. Written documentation is required.

### **NON-TAX DEBT WRITE-OFF PROCEDURES**

For those debts submitted to the Non-Tax Debt Collection program (Revenue Delinquent Invoice (RDI) System):

- Having established that a diligent, but unproductive, collection effort has been pursued by the agency as well as DORES, DORES will provide the agency with a listing of the uncollectible account(s) that meet the write-off criteria and the AR900A write-off form for review and confirmation. The agency will return the signed AR900A and the approved list to DORES for final approval. DORES will approve and return a copy of the AR900A form for agency records.

For those debts that have NOT been submitted to the Non-Tax Debt Collection program (RDI System) and are not on the State's General Ledger:

- Having established that a diligent, but unproductive, collection effort has been pursued by the agency, the agency will provide a listing of the uncollectible account(s) that meet the write-off criteria and a signed AR900A write-off form to DORES for review and approval. DORES will approve and return a copy of the AR900A form for agency records.

For those debts that are listed on the State's general ledger:

- Having established that a diligent, but unproductive, collection effort has been pursued by the agency, the agency will provide a listing of the uncollectible account(s) that meet the write-off criteria and a signed AR900 write-off form to DORES for review. DORES will submit the form together with documentation of the agency's collection effort and results thereof, for review and approval to:

Department of the Treasury  
Director, Office of Management and Budget  
P.O. Box 221  
Trenton, New Jersey 08625-0221

### **OFFICE OF MANAGEMENT AND BUDGET**

The Director, Office of Management and Budget, in accordance with the duties and authorities as outlined in N.J.S.A. 52:24-4 and 52:27B-33 et. seq. shall review the recommendations and make a formal determination as to the disposition of each account in question. All requests for write-off, after review and determination by the Director, will be forwarded to the Accounting Bureau, Office of Management and Budget and will serve as the basis for recording the appropriate entries on State and agency records. Where the write-off has been approved and the account appears on the State's central accounting system, the Accounting Bureau will remove the debt from the accounting system. The completed request form will be returned to DORES for notification to the agency of the final determination of the uncollected accounts.

  
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Charlene M. Holzbaaur  
Director