

OREGON ACCOUNTING MANUAL

<div style="display: flex; align-items: center;"> <div style="font-size: 2em; margin-right: 10px;">DAS</div> <div style="font-size: 0.8em; line-height: 1;">DEPARTMENT OF ADMINISTRATIVE SERVICES</div> </div> <p style="margin-top: 10px;">STATEWIDE POLICY</p>	NUMBER 35.30.30	SUPERSEDES 35.30.30 dated 07/16/2018
	EFFECTIVE DATE XX/XX/XXXX	PAGE NUMBER Pages 1 of 3
Division Chief Financial Office	REFERENCE/AUTHORITY ORS 291.015 ORS 293.229 ORS 293.233 ORS 293.234 ORS 293.250 ORS 293.252 ORS 293.590	
Policy Owner Statewide Accounting and Reporting Services		
SUBJECT Accounts Receivable Management – Account Activity: Definitions – Liquidated and Delinquent	APPROVED SIGNATURE	

PURPOSE

This policy defines liquidated and delinquent debt and provides criteria for state agencies to liquidate delinquent debt.

APPLICABILITY

This policy applies to all state agencies included in the State’s annual financial statements, except for those agencies specifically exempted by [OAM 01.05.00](#).

FORMS/EXHIBITS/INSTRUCTIONS

None.

DEFINITIONS:

Administrative proceedings, as used below, refers to proceedings that: (a) afforded the debtor an opportunity to request a hearing, or otherwise contest the debtor’s liability for the debt and the amount of the debt, before the agency or the Office of Administrative Hearings (whether denominated as a hearing, appeal, petition for review, or otherwise); and (b) are final, because the debtor failed to timely request a hearing or otherwise contest the debtor’s liability for the debt and the amount of the debt; or because the agency issued a final order after a hearing and the debtor exhausted or failed to exercise any applicable rights of appeal. This definition covers final orders in contested cases and final orders in other than contested cases.

Delinquent account: an account receivable for which the state agency did not receive payment by the original due date.

Judgment, as used below, refers to a written decision issued by a court that: (1) establishes the debtor’s liability for a debt, (2) establishes the amount of the debt, and (3) is final, because the debtor exhausted or failed to exercise any applicable rights of appeal.

Judicial proceeding, as used below, refers to a court proceeding that establishes a debtor's liability for a debt.

Liquidated debt: For purposes of **ORS 293.229 - 293.233** and **ORS 293.250**, a liquidated debt is one for which:

- a. An agency has determined an exact past due amount owing; **and**
- b. An agency has made a reasonable attempt to notify the debtor in writing of the amount owing and nature of the debt, and has requested payment; **and**
- c. The debtor has been provided an opportunity to dispute his or her liability for the debt and its amount; **and**
- d. The debt meets **one** of the following **conditions**:
 - 1) **Judgment** has been entered on the debt.
 - 2) The debt is a tax debt for which a distraint warrant has been issued or the prerequisites of issuance have been met.
 - 3) Liability for, and the amount of, the debt have been established through an **administrative proceeding**.
 - 4) The debt arises from a promissory note.
 - 5) The debt is an account stated under a preexisting written agreement between the state agency and the debtor; an invoice or a statement of account has been mailed or delivered to the debtor; and the debtor has not objected within the timeframe specified by the state agency (e.g. a customer signs an agreement with a state agency for services, an invoice for services rendered is mailed to the customer, and the customer does not object).
 - 6) The debtor has acknowledged the debt in writing (both liability and amount), or a written agreement has been reached between the state agency and the debtor regarding the debt (both liability and amount).
 - 7) The amount due was calculated by the state agency, the state agency notified the debtor of the amount due, and the debtor did not dispute the liability or the amount due. If authorized by the state agency's statutes or rules, the amount due may include, but is not limited to, fees, collection costs, charges, penalties, and interest.
 - 8) Liability for the debt, but not its amount, was established by an **administrative or judicial proceeding**, or by written acknowledgement of the debtor. The amount of the debt was calculated by the state agency. The amount of the debt was mailed or delivered to the debtor, and the debtor did not object within the timeframe specified by the state agency (e.g. balances due the Department of Consumer and Business Services for a non-complying employer as a result of an injury to a subject worker).

Click here for other [definitions](#).

EXCLUSIONS AND SPECIAL SITUATIONS

None.

POLICY

101. State agency management must ensure that agency personnel employ appropriate practices in the management and collection of accounts receivable.
102. State agencies must liquidate delinquent accounts in a timely manner.
103. State agency management must establish a process that notifies a debtor of their liability for the debt and gives the debtor an opportunity to dispute the debt, when the liability for the debt and the amount of the debt are established through a process other than an **administrative proceeding** or **judicial proceeding**. This process must be followed before the debt is assigned to the Department of Revenue Other Agency Accounts (DOR-OAA) Unit.
104. State agencies may contact the Department of Justice (DOJ) to facilitate a **judicial proceeding**. When authorized by the state agency's statutes or rules, the agency may contact the Office of Administrative Hearings to facilitate an **administrative proceeding**. Both types of proceedings are structured to provide the debtor a formal opportunity to dispute the debt.
105. **ORS 293.229** requires state agencies to report all **liquidated** and **delinquent** account activity to the Legislative Fiscal Office annually (refer to [OAM 35.60.10](#)).
106. **ORS 293.231** requires state agencies to offer **liquidated** and **delinquent** accounts to DOR-OAA (refer to [OAM 35.40.30](#)). Some accounts may be exempt from assignment (refer to [OAM 35.40.10](#)).
107. Debts assigned to DOR-OAA that were liquidated in the manner described in conditions d.1-d.8 above, are eligible for tax refund offset.
108. Debts assigned to DOR-OAA that were **liquidated** in the manner described in conditions d.1-d.3 above, qualify for DOR-OAA to issue a distraint warrant (refer to [OAM 35.40.30](#)). Issuing the distraint warrant enables DOR-OAA to garnish eligible property belonging to the debtor.
109. DOR-OAA may be unable to issue a distraint warrant (refer to [OAM 35.40.30](#)) or garnishment to collect debts that were only **liquidated** in the manner described in conditions d.4-d.8 above. State agencies must take appropriate steps to ensure that DOR-OAA does not issue a distraint warrant or garnishment for debts liquidated in this matter. For example, the state agency should not mark the "non-docketed warrant and garnishment" or the "docketed warrant" boxes provided on the DOR-OAA New Program Information Form if the debts were **liquidated** in the manner described in conditions d.4-d.8 above.
110. When cost-effective to do so, state agencies are encouraged to **liquidate delinquent** debts in the manner described in conditions d.1-d.3 above and authorize DOR-OAA to issue a distraint warrant to enable the account to be garnished. State agencies are encouraged to seek DOJ's guidance when determining how to **liquidate** debts under conditions d.1-d.3 above.