

OREGON ACCOUNTING MANUAL

 STATEWIDE POLICY	NUMBER 35.30.30	SUPERSEDES 35.30.30 dated 07/ 01 /2013 16 /2018
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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 <i>George Naughton, Chief Financial Officer</i> <i>Signature on file</i>	

PURPOSE

This policy ~~provides a description of a~~defines liquidated ~~debt~~ and ~~the definition of a~~ delinquent ~~account~~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 ~~a hearing or~~ 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 ~~either~~ 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.

A delinquent Delinquent account is a: an account receivable for which the state agency did not receive payment ~~has not been received~~ by the original due date ~~(refer to OAM 35.30.20 for information regarding invoicing)~~.

Judgments and judicial proceedings Judgment, as used below, ~~refer to judgments and proceedings~~ refers to a written decision issued by a court that are final (1) establishes the debtor’s

liability for a debt, (2) establishes the amount of the debt, and (3) is final, because the debtor ~~has exhausted or failed to exercise any applicable rights of appeal~~ or.

Judicial proceeding, as used below, refers to a court proceeding that ~~the Department of Justice has approved~~ establishes a debtor's liability for referral to the Department of Revenue Other Agency Accounts-Unit 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

~~e.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 is a non-complying employer's debt for claim and administrative costs eligible for referral under criteria identified by the Department of Justice.~~
- ~~5)4) The debt arises from a promissory note.~~
- ~~6)5) The debt is an account stated under a preexisting written agreement between the state agency and the debtor. ~~A; an invoice or a statement of account has been mailed or delivered to the debtor; and the debtor has not objected within a reasonable time, which should be the timeframe specified by the state agency. Example: A student (e.g. a customer signs a revolving account agreement with a university, an invoice-state agency for a laboratory feeservices, an invoice for services rendered is mailed to the studentcustomer, and the studentcustomer does not object. (See note below.)~~~~
- ~~7)6) The debtor has, in writing, unconditionally acknowledged the debt, in writing (both as to liability and amount,); or a written agreement has been reached in writing between the state agency and the debtor regarding the debt, (both as to liability and amount. Once acknowledged, a debtor's claim of inability to pay does not, by itself, affect whether the debt is liquidated.)~~
- ~~8)7) The amount due is derived by an arithmetical calculation of fees (including renewal fees), collection costs, charges, penalties, or the like, from a report or~~

~~an application for a permit or license submitted by~~ was calculated by the state agency, the state agency notified the debtor in accordance with a regulatory system administered by the agency, of the amount due, and the debtor ~~has~~did not ~~disputed~~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.

9)3) Liability for ~~a~~the debt, but not its amount, ~~has been~~was established by an **administrative** or **judicial proceeding**, or by written acknowledgement of the debtor. The amount of the debt ~~is determined~~was calculated by ~~arithmetical calculation.~~the state agency. The ~~calculation has been~~amount of the debt was mailed or delivered to the debtor ~~in the manner of an account stated,~~ and the debtor ~~has~~did not ~~objected~~object within ~~a reasonable time,~~ which ~~should be~~the timeframe specified by the state agency. ~~Example: Balances (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. (See note below.)).~~

Note: Expiration of the time specified by an agency for objection to a billing, such as a debt that meets the criteria in c.6 or c.9 above, does not necessarily extinguish the debtor's right to object. It means that the agency can act on the assumption the debtor does not dispute the debt. If the debtor thereafter disputes the debt, the debt will no longer be considered liquidated.

Click here for other [definitions](#).

EXCLUSIONS AND SPECIAL SITUATIONS

None.

POLICY

101. ~~Agency~~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 the Department of Revenue Other Agency Accounts Unit 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.
- 102-108. 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.