


OREGON ACCOUNTING MANUAL

 STATEWIDE POLICY	NUMBER	SUPERSEDES
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Division Chief Financial Office	REFERENCE/AUTHORITY	
Policy Owner Statewide Accounting and Reporting Services	ORS 291.015 ORS 293.231 ORS 293.233 ORS 293.250 ORS 293.590 OAR 122-085-0100 thru 0160	
SUBJECT Accounts Receivable Management- Account Assignments: Assignments and Exemptions	APPROVED SIGNATURE	
	<i>George Naughton, Chief Financial Officer</i> <i>Signature on file</i>	

PURPOSE

This policy provides criteria to determine when Mandatory Collection Agency Transfer (MCAT) accounts are subject to assignment or exempt from assignment to the Department of Revenue Other Agency Accounts (DOR-OAA) unit under ORS 293.231. This policy also provides information on how a state agency may request an exemption from the statutory assignment timeframe referenced in ORS 293.231.

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

Account: A debt relationship between a state agency and an individual or an entity, which may include multiple obligations and time periods.

Consensual Security Interest: An enforceable interest in real or personal property voluntarily created by a debtor to secure an obligation to pay a debt (e.g. a mortgage, trust deed, security agreement, or pledged securities).

Delinquent (account): A receivable for which payment was not received by the initial due date. (The establishment of a payment agreement does not change the status of the delinquency.)

Hardship: Adverse circumstances, which significantly reduce a debtor’s ability to pay. Examples include, but are not limited to, interruptions of income due to family or medical emergencies, job layoff or job skill retraining, long-term/permanent disability, social security, or terminal illness.

Imprisoned: An individual who is currently incarcerated.

Litigation: A dispute when the account:

- Has been referred to the Department of Justice;
- Is in the administrative appeal or hearing process; or
- Is in arbitration, mediation, or in the state or federal court system, including bankruptcy.

Liquidated (account): Has the meaning given in [OAM 35.30.30](#). Generally speaking, a liquidated account is one in which:

- The amount of the debt is known,
- The debtor has been notified of the debt, and
- The debtor has been given an opportunity to dispute the debt.

Mandatory Collection Agency Transfer account (MCAT account): An account that is:

- Liquidated,
- Delinquent, and
- Not prohibited by law from being transferred to a collection firm.

MCAT eligibility date: Refers to the latter of the following dates:

- The date the account receivable became both liquidated and delinquent; or
- The date the MCAT account exemption expires.

Non-Consensual lien: A lien established by operation of law, such as a judgment with a financial obligation or the recording of an administrative record (e.g. agency distraint warrant or civil penalty final order).

Payment: A voluntary amount of money paid by a debtor to a state agency or an involuntary amount of money paid by a debtor through offset or garnishment.

EXCLUSIONS AND SPECIAL SITUATIONS

None.

POLICY

101. If a state agency does not receive any payments on an **MCAT account** during any 90-day period following the **MCAT eligibility date** for that account, the agency must review the account for assignment to the Department of Revenue Other Agency Accounts (DOR-OAA) Unit for full collections ([OAM 35.40.30](#)).
102. The state agency must assign **accounts** to DOR-OAA unless the account is subject to an exemption under paragraph 109 or 117.
103. MCAT accounts assigned to DOR-OAA will be transferred to a private collection firm (PCF) if no payment is received on the account within six months from the date of assignment. DOR-OAA may transfer the assigned MCAT accounts to a PCF prior to six months.
104. MCAT accounts returned to DOR-OAA by a PCF may be retained by DOR-OAA indefinitely or returned to the state agency upon request.
105. Paragraph 101 does not apply to accounts that originate in the Department of Revenue or the Employment Department; those accounts are required to be assigned one year from the **MCAT eligibility date** or the date of last payment, whichever is later.

106. Paragraph 101 does not apply to state agencies that the Department of Administrative Services Chief Financial Office (DAS CFO) has granted a time period exemption, as per paragraph 113.
107. Before a state agency may write-off an **account**, DOR-OAA must notify the state agency that the account is recommended for write-off, unless the law prohibits the account from assignment or the state agency has exempted the account from assignment as provided in paragraph 109 or 117.
108. A state agency may not make an offer for assignment contrary to applicable state or federal laws or regulations governing offers for assignment.
109. A state agency may, at its discretion, choose not to offer for assignment to DOR-OAA any **MCAT account** that:
 - a. Is secured by a **consensual security interest** in real or personal property;
 - b. Is a court judgment that includes restitution or a payment to the Department of Justice Crime Victims Assistance Section;
 - c. Is in **litigation**, including bankruptcy, arbitration or mediation;
 - d. Is a student loan owed by a student who is attending school;
 - e. Is owed to a state agency by a local or state government or by the federal government;
 - f. Is owed by a debtor who is hospitalized in a state hospital as defined in ORS 162.135, or who is on public assistance as defined in ORS 411.010, or who receives medical assistance as defined in ORS 414.025;
 - g. Is owed by a debtor who is **imprisoned**;
 - h. Is less than \$100 including penalties;
 - i. Would, if assigned, result in a loss of federal funding or a loss of funding under a federal program;
 - j. Is owed by an estate and the state agency has received notice that the estate has closed;
 - k. Is eligible for suspension of collections as provided in ORS 305.155;
 - l. Would constitute a **hardship** if assigned, and assignment would be inconsistent with a state agency goal;
 - m. Is secured by a **non-consensual lien** against specific real or personal property identified by the state agency;
 - n. Is secured by a bond;
 - o. Is one of multiple **accounts** owed to the state agency by the same debtor, any one of which has received a payment within the preceding 90-day period, including **accounts** created and paid at the same time;
 - p. Is within the scope of a state agency specific exemption approved under paragraph 117;
 - q. Would result in the referral of a monetary penalty, fee, or tax under ORS Chapters 825 or 826 related to a motor carrier operating authority unless the closing audit of the motor carrier operating authority is final;

- r. Is an account for which a wage garnishment has been served on the debtor's employer and no funds are available to the state agency because a wage garnishment or order to withhold earnings of higher priority currently prevents any funds from being applied to the state agency debt;
 - s. Arises from an administrative or judicial support order, judgment, or decree; or
 - t. Is owed by a corporation that is not and, for the foreseeable future, will not be engaged in any income-producing activity, and there are no assets from which the debt could be collected.
110. State agencies shall evaluate each **account** to determine the appropriate collection actions for **accounts** eligible to be exempted from collection assignment. While the exemptions listed in paragraph 109 allow a state agency to exempt an **account** from assignment, it doesn't prohibit the state agency from assigning the **account**. State agencies must exercise reasonable effort and due diligence to collect debts owed to the state agency.
111. When a state agency determines an **MCAT account** may be exempted from assignment, the state agency should document their conclusions using [OAM 75.35.01.FO](#) - Documentation for Self-Exempting Accounts (or equivalent). A state agency is not required to file this form with the DAS CFO, but the form is useful to explain the reasoning for exempting **accounts** in the event of an inquiry or in response to an audit of the state agency's **liquidated** and **delinquent accounts**.
112. If a state agency exercises the option to exempt an **account** from assignment, the state agency is responsible to continue to pursue reasonable efforts to collect the **account** and monitor the **account** exemption status. If the state agency later determines that the exemption no longer applies, the state agency must proceed with assignment of the **account** as required in paragraph 101.
113. To request an exemption from the 90-day assignment provision referenced in paragraph 101, a state agency must complete [OAM 75.35.11.FO](#) - Exemption From 90-day Turnover Request. If approved, the exemption request will permit either a 180-day turnover period or a 365-day turnover period.
114. State agencies must submit requests for the exemption from the 90-day turnover timeframe to the DAS CFO no later than March 31. Each approved request will begin the following July 1 and will be valid until June 30 of the subsequent fiscal year. For example, an approved request submitted in March 2018 will become effective from July 1, 2018 through June 30, 2020.
115. A state agency may not use such exemption until approved by the DAS CFO and may only apply the exemption to **accounts** with an **MCAT eligibility date** within the approved period.
116. The state agency's right to use the exemption terminates upon expiration of approved period. If the exemption expires and the state agency has not received approval from DAS CFO for another exemption for the subsequent two year period, all **accounts** must be assigned as required in paragraph 101.
117. A state agency may request that the DAS CFO approve one or more state agency specific exemptions under ORS 293.233 for classifications of **accounts** that are not exempt under paragraph 109. A state agency must submit a request for a state agency specific exemption from assignment on [OAM 75.35.02.FO](#) - Request for Exemption from Assignment.

118. A state agency may not use such exemption until approved by the DAS CFO and the exemption only applies to **accounts** with an **MCAT eligibility date** within the approved exemption period. In its written approval of the request, the DAS CFO may specify that the exemption is for a limited duration (not to exceed two fiscal years).
119. The state agency's right to use the exemption terminates upon expiration of the limited duration period.