

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HB 2313**, as amended by House Committee, on page 7, following line 11, by inserting:

"Sec. 3. K.S.A. 2016 Supp. 75-6202 is hereby amended to read as follows: 75-6202. As used ~~in this act~~ article 62 of chapter 75 of the Kansas Statutes Annotated, and amendments thereto:

(a) "Debtor" means any person who:

(1) Owes a debt to the state of Kansas or any state agency or any municipality;

(2) owes support to an individual, or an agency of another state, who is receiving assistance in collecting that support under K.S.A. 39-756 or K.S.A. 2016 Supp. 20-378, and amendments thereto, or under part D of title IV of the federal social security act, 42 U.S.C. § 651 et seq., as amended; or

(3) owes a debt to a foreign state agency.

(b) "Debt" means:

(1) Any liquidated sum due and owing to the state of Kansas, or any state agency, municipality or foreign state agency which has accrued through contract, subrogation, tort, operation of law, or any other legal theory regardless of whether there is an outstanding judgment for that sum. A debt shall not include special assessments except when the owner of the property assessed petitioned for the improvement and any successor in interest of such owner of property;

(2) any amount of support due and owing an individual, or an agency of another state, who is receiving assistance in collecting that support under K.S.A. 39-756 or K.S.A. 2016 Supp. 20-378, and amendments thereto, or under part D of title IV of the federal social security act, 42 U.S.C. § 651 et seq., as amended, which amount shall be considered a debt due and owing the district court trustee or

the Kansas department for children and families for the purposes of this act; or

(3) any assessment of court costs, fines, fees, moneys expended by the state in providing counsel and other defense services to indigent defendants or other charges which a district court judgment has ordered to be paid to the court and which remain unpaid in whole or in part, and includes any interest or penalties on such unpaid amounts as provided for in the judgment or by law. Such amount also includes the cost of collection when the collection services of a contracting agent are utilized.

(c) "Refund" means any amount of income tax refund due to any person as a result of an overpayment of tax, and for this purpose, a refund due to a husband and wife resulting from a joint return shall be considered to be separately owned by each individual in the proportion of each such spouse's contribution to income, as the term "contribution to income" is defined by rules and regulations of the secretary of revenue.

(d) "Net proceeds collected" means gross proceeds collected through final setoff against a debtor's earnings, refund or other payment due from the state or any state agency minus any collection assistance fee charged by the director of accounts and reports of the department of administration.

(e) "State agency" means any state office, officer, department, board, commission, institution, bureau, agency or authority or any division or unit thereof and any judicial district of this state or the clerk or clerks thereof. "State agency" also shall include any: (1) District court utilizing collection services pursuant to K.S.A. 75-719, and amendments thereto, to collect debts owed to such court; and (2) contracting agent, as defined in K.S.A. 75-719, and amendments thereto, with which a district court contracts to collect debts owed to such court. Such contracting agent may directly establish a debt setoff account with the director for the sole purpose of collecting debts owed to courts.

(f) "Person" means an individual, proprietorship, partnership, limited partnership, association, trust, estate, business trust, corporation, other entity or a governmental agency, unit or subdivision.

(g) "Director" means the director of accounts and reports of the department of administration.

(h) "Municipality" means any municipality as defined by K.S.A. 75-1117, and amendments thereto.

(i) "Payor agency" means any state agency which holds money for, or owes money to, a debtor.

(j) "Foreign state or foreign state agency" means the states of Colorado, Missouri, Nebraska or Oklahoma or any agency of such states which has entered into a reciprocal agreement pursuant to K.S.A. 75-6215, and amendments thereto.

(k) "Third party vendor" means any person that the director enters into an agreement with to execute the collection of a debt as required by this act.

Sec. 4. K.S.A. 75-6203 is hereby amended to read as follows: 75-6203. (a) The collection remedy under this act is in addition to and not in substitution for any other remedy available by law.

(b) Each state agency, foreign state agency and municipality, whenever possible, shall obtain the full name, social security number, address and any other information required by the director of accounts and reports from any person for whom the state agency, foreign state agency or municipality provides any service or with whom the state agency, foreign state agency or municipality transacts any business and who may become a debtor under this act. The director shall provide this information to any third party vendor for the purpose of assisting in the collection of a debt.

(c) Except for debts for which a voluntary agreement for payment has been entered into and is being complied with or debts for which garnishment or other judicial proceedings are pending and except as otherwise directed by the secretary of administration, the director may require any state agency to certify all debts owed to the state agency or to certify all such debts in specified categories of debts, for setoff under K.S.A. 75-6204, and amendments thereto. Any state agency required to certify debts under this subsection shall give the director all information relating to such debts as may be

requested by the director.

(d) The secretary of administration as provided in K.S.A. 75-3706, and amendments thereto, may adopt rules and regulations necessary to carry out the provisions of this act.

(e) The secretary of revenue may adopt rules and regulations defining the term "contribution of income" for the purposes of this act.

Sec. 5. K.S.A. 2016 Supp. 75-6204 is hereby amended to read as follows: 75-6204. (a) Subject to the limitations provided in this act, if a debtor fails to pay a debt or fails to pay to the state of Kansas or any state agency, foreign state agency, municipality or the federal department of the treasury an amount owed, the director, or any third party vendor, may setoff such amount and a reasonable collection assistance fee determined in accordance with K.S.A. 75-6210, and amendments thereto, against any money held for, or any money owed to, such debtor by the state ~~or~~, any state agency or any third party vendor.

(b) The director may enter into an agreement with a municipality for participation in the setoff program for the purpose of assisting in the collection of a debt ~~as defined by K.S.A. 75-6202, and amendments thereto~~. The director shall include in any such agreement a provision requiring the municipality to certify that the municipality has made at least three attempts to collect a debt prior to submitting such debt to setoff pursuant to this act.

(c) The director shall enter into an agreement with a third party vendor for participation in the setoff program for the purpose of assisting in the collection of a debt. The director shall include in any such agreement a provision agreeing to defend, indemnify and hold harmless a third party vendor with regard to all claims, demands, suits, actions, damages, judgments, costs, charges and expenses, including attorney fees, that may be brought or asserted against a third party vendor and that arise from the third party vendor's performance of an agreement to facilitate the collection of debts.

(d) (1) Except as provided in subsection ~~(e)~~ (d)(2), the director shall add the cost of collection

and the debt for a total amount subject to setoff against a debtor.

(2) Any debts due and owing to an individual, the state of Kansas or an agency of another state that are being enforced by the Kansas department for children and families under part D of title IV of the federal social security act, 42 U.S.C. § 651 et seq., as amended, shall not have the cost of collection added to the debt owed and subject to setoff. Such cost of collection shall be paid by the Kansas department for children and families.

New Sec. 6. (a) Prior to any third party vendor paying on behalf of the state any moneys requiring the completion of an internal revenue service form W-2G, the third party vendor, as agent of the state, shall cause the person winning the prize to be matched against the state debtor files maintained by the director of accounts and reports as prescribed under K.S.A. 75-6201 et seq., and amendments thereto. If such person is listed in the state debtor files, the prize shall be withheld by the third party vendor to the extent of such person's debt as set forth in the state debtor files.

(b) The third party vendor is acting strictly as agent for the state and shall not be subject to any civil, criminal or administrative liability for any actions taken pursuant to this section, unless such actions are intentional, malicious or wanton by such third party vendor or employees or agents thereof. The state shall indemnify the third party vendor for any and all expenses, losses, damages and attorney fees that arise directly or indirectly from the performance of activities related to this section. For the purposes of the fair debt collection practices act, and any other federal or state law, the third party vendor shall have all of the protections of the state under the Kansas tort claims act, K.S.A. 75-6101 et seq., and amendments thereto. The sole remedy at law for persons who claim prizes were wrongfully withheld pursuant to this section shall be to submit an appeal to the department of administration pursuant to K.S.A. 75-6201 et seq., and amendments thereto.

(c) Moneys withheld, based on the state debtor files, shall be remitted to the state treasurer in accordance with K.S.A. 75-4215, and amendments thereto. The state treasurer shall deposit the entire

amount in the state treasury and credit it to the department of administration's setoff clearing fund.

(d) Nothing in this section shall apply to Native American tribal gaming facilities.

(e) This section shall be part of and supplemental to the state debt setoff program.";

Also on page 7, in line 12, after "74-8719" by inserting "and 75-6203"; also in line 12, by striking the second "and" and inserting a comma; in line 13, after "8723" by inserting ", 75-6202 and 75-6204";

And by renumbering sections accordingly;

On page 1, in the title, in line 2, after the second semicolon by inserting "debt setoff agreements with third party vendors;"; also in line 2, after "74-8719" by inserting "and 75-6203"; in line 3, after "74-8702" by inserting ", 75-6202 and 75-6204"

_____ District.