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STATE OF NEVADA



**ART INGRAM**  
Chief Deputy Controller

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Data Processing Manager

OFFICE OF THE  
STATE CONTROLLER

MEMORANDUM

To: Senator Mike McGinness  
From: State Controller Kathy Augustine  
Date: May 6, 2003  
Re: Debt Collection Legislation

**Statewide Debt Collection Pre-1999**

In the 1997 Legislative Counsel Bureau's audit of the State's Accounts Receivables, the auditors stated the State of Nevada lacked a coordinated and comprehensive system to maximize collections. In addition, this audit found agencies were inconsistent and ineffective in their efforts to collect debt.

**Statewide Debt Collection 1999-Present**

Since 1999, the Controller's Office has made several improvements to the State's debt collection process making it more efficient and more effective. The Controller's Office has outsourced some debt to two private debt collection agencies for collection. Outsourcing has made it possible for the Controller's Office to collect over \$1.4 million in outstanding debt owed state agencies with minimal cost to the state. Costs are minimized because, in all cases except those accounts under \$200, collection fees are passed on to the debtor. To date, the Controller's Office has 11 agencies, boards and commissions, using our debt collection services via interlocal contracts with our office. In addition, the Controller's Office has collected \$289,788 for agencies using the warrant offset program. The warrant offset program allows the Controller's Office to intercept payment vouchers going to a vendor and use the payment to pay another agency owed money by the same vendor.

The State's ability to collect debt has become more effective and efficient for two reasons. First, outsourcing debt collection is the most cost effective way to collect and the collection agency can put the debt owed to the State of Nevada on an individual's credit report. And, second, the Controller's office through its pilot program with the Department of Motor Vehicles (DMV) and the Division of Wildlife can "flag" and suspend drivers licenses, permits and vehicle registrations until the debt owed is paid in full, which provides an incentive to the debtor to pay their debt.

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EXHIBIT H Committee on Taxation

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