SENATE BILL NO. 67–COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE CONTROLLER)

PREFILED NOVEMBER 16, 2026

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to the collection of public debts. (BDR 31-574)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: May have Fiscal Impact.
Effect on the State Highway Fund: May have Fiscal Impact.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets [~~omitted material~~] is material to be omitted.

AN ACT relating to state financial administration; authorizing the State Controller under certain circumstances to impose a penalty against an agency that fails to assign a debt to the State Controller for collection within a certain period of time; authorizing the State Controller under certain circumstances to transfer the amount of a penalty into the Debt Recovery Account to be used in support of debt collection efforts; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the State Controller to act as the collection agent for each agency of the Executive Department of the State Government, which includes each bureau, board, commission, department and division of the Executive Department, and requires each agency to coordinate all of its debt collection efforts through the State Controller, with certain exceptions. Existing law requires an agency to assign a debt owed to the agency to the State Controller for collection not later than 60 days after the debt becomes due, unless the agency and State Controller agree on a different time. (NRS 353C.195) **Section 1** of this bill authorizes the State Controller to impose a penalty against an agency that assigns a debt more than 30 days after: (1) the expiration of 60 days after the date on which the debt becomes due; or (2) if the agency and State Controller have agreed on a different time for the agency to assign the debt to the State Controller for collection, the date agreed upon by the agency and State Controller. **Section 2** of this bill makes a conforming change to indicate that an agency that fails to assign a debt to the State Controller

within the time prescribed by **section 1** is subject to the penalty authorized by **section 1**.

Existing law authorizes the State Controller to take certain actions to collect a debt owed to an agency. (NRS 353C.140-353C.180, 353C.1965-353C.200) Existing law requires the State Controller to transfer the net amount of money owed to an agency in connection with a debt to certain accounts after collecting or receiving money for a debt owed to an agency. (NRS 353C.224) Existing law also creates the Debt Recovery Account and requires that certain amounts of money collected or received by the State Controller in connection with a debt be transferred to the Debt Recovery Account to be used for certain purposes. (NRS 353C.226) **Section 1** requires that the amount of a penalty imposed against an agency be equal to 10 percent of the recovered principal amount of the debt to which the penalty pertains. Under **section 1**, the recovered principal amount of a debt: (1) is equal to the amount of a debt owed to an agency, minus any applicable penalties and interest, that is collected or received by the State Controller; and (2) includes the entirety of a partial payment of a debt that is accepted by the State Controller to fully satisfy the debt, inclusive of penalties and interest. (NRS 353C.133) **Section 1** authorizes the State Controller to subtract and withhold the amount of a penalty from the net amount of money owed to the agency and instead transfer that amount into the Debt Recovery Account to support the debt collection efforts of the State Controller. **Section 3** of this bill makes a conforming change to require the amount of a penalty imposed by the State Controller under **section 1** be deducted from the net amount of money owed to an agency in the same manner as certain other fees, costs and interest required to be paid or reimbursed to the State Controller.

Section 1 prohibits the State Controller from imposing a penalty or withholding and transferring to the Debt Recovery Account the amount of a penalty if the imposition of the penalty, or the withholding of money in connection with the penalty, is prohibited by or inconsistent with federal law or the Constitution and laws of this State.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 353C of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsection 4, the State Controller may impose a penalty pursuant to this section against an agency that assigns a debt to the State Controller for collection more than 30 days after the date on which the agency:

(a) Is required to assign the debt pursuant to subsection 3 of NRS 353C.195; or

(b) Agrees to assign the debt pursuant to an agreement between the agency and State Controller described in subsection 3 of NRS 353C.195, if applicable.

2. The amount of a penalty imposed pursuant to this section must be equal to 10 percent of the recovered principal amount of the debt described in subsection 1 to which the penalty pertains.

3. If the State Controller imposes a penalty against an agency pursuant to this section, the State Controller shall:

(a) Subtract and withhold the amount of the penalty from the net amount of money owed to the agency with respect to the debt described in subsection 1 to which the penalty pertains.

(b) Transfer the amount of money withheld pursuant to paragraph (a) into the Debt Recovery Account created by NRS 353C.226. The money must be accounted for separately within the Debt Recovery Account and used only for the purposes described in subsection 2 of NRS 353C.226.

4. The State Controller shall not impose a penalty against an agency pursuant to this section or otherwise withhold and retain for deposit into the Debt Recovery Account pursuant to subsection 3 any money collected or received by the State Controller in connection with a debt if the imposition of such a penalty, or the withholding or retention of any such money, is prohibited by or inconsistent with federal law or the Constitution and laws of this State, including, without limitation, any provision of law that:

(a) Declares any money attributable to a debt that is collected or received by the State Controller to be trust funds for a particular use or purpose; or

(b) Requires any money attributable to a debt that is collected or received by the State Controller to be:

(1) Used exclusively for a specified purpose; or

(2) Paid to or held on behalf of or in trust for a particular person or entity, including, without limitation, a person against whom a crime has been committed and to whom restitution is owed.

5. As used in this section:

(a) "Net amount of money owed to the agency" means the amount of money owed to an agency from a debtor that is collected or received by the State Controller and is required to be transferred by the State Controller in the manner prescribed by subsection 1 of NRS 353C.224.

(b) "Recovered principal amount" means the amount of a debt owed to an agency by a debtor, minus any applicable penalties and interest, that the State Controller has collected from a debtor or received from the employer of a debtor or a private debt collector or other person to whom the State Controller has assigned the collection of the debt. The term also includes the entirety of any payment made by a debtor to fully satisfy a debt that is accepted by the State Controller pursuant to an agreement described in NRS 353C.133.

Sec. 2. NRS 353C.195 is hereby amended to read as follows:

353C.195 Except as otherwise provided in this section or by a specific statute or federal law:

1. The State Controller shall act as the collection agent for each agency.

2. An agency shall coordinate all its debt collection efforts through the State Controller.

3. Unless an agency and the State Controller agree on a different time, an agency shall assign a debt to the State Controller for collection not later than 60 days after the debt becomes past due. ***An agency is subject to the penalty set forth in section 1 of this act if the agency assigns a debt to the State Controller for collection after the expiration of the time prescribed by this section and the additional time prescribed by subsection 1 of section 1 of this act for assigning the debt to the State Controller for collection.***

4. An agency shall not assign a debt to the State Controller for collection if the debt is administratively contested by the debtor. For the purposes of this subsection, a debt is not administratively contested if:

(a) The debtor and the agency have agreed on the existence and amount of the debt;

(b) The debtor has failed to contest timely the existence or amount of the debt in accordance with the administrative procedures prescribed by the agency; or

(c) The debtor has timely contested the debt in accordance with the administrative procedures prescribed by the agency and the agency has issued a final decision concerning the existence and amount of the debt.

5. Upon the request of an agency, the State Controller shall waive a requirement of this section:

(a) If the State Controller determines that the agency has the resources to engage in its own debt collection efforts; or

(b) For good cause shown.

6. If the State Controller waives the requirements of subsection 1 or 2 for an agency, the agency may exercise any right or remedy conferred on the State Controller pursuant to the provisions of NRS 353C.130 to 353C.180, inclusive, and 353C.200 to 353C.230, inclusive, to collect a debt.

7. An agency that is authorized by specific statute to collect a debt on behalf of or in trust for a particular person or entity may assign the debt to the State Controller for collection pursuant to this section. If such an agency does not assign a debt to the State Controller pursuant to this section, the agency may, in addition to any right or remedy conferred on the agency by specific statute to collect a debt, exercise any right or remedy conferred on the State Controller pursuant to the provisions of NRS 353C.130 to 353C.180, inclusive, and 353C.200 to 353C.230, inclusive, to collect the debt.

Sec. 3. NRS 353C.224 is hereby amended to read as follows:

353C.224 1. If the State Controller collects any money owed to an agency from a debtor or receives any money from the employer of a debtor or a private debt collector or other person to whom the State Controller has assigned the collection of a debt owed to an agency, the State Controller shall, unless prohibited by federal law, transfer the net amount of money owed to the agency:

(a) Except as otherwise provided in paragraph (c), to the Debt Recovery Account created by NRS 353C.226 if the debt is owed to an agency whose budget is supported exclusively or in part from the State General Fund.

(b) Except as otherwise provided in paragraph (c), to an account specified by the agency if the debt is owed to an agency whose budget is supported exclusively from sources other than the State General Fund.

(c) If a specific statute requires the money to be deposited in a specific account or used for a specific purpose, to the specific account required by statute or to the account from which money is expended for the purpose specified.

2. If the State Controller is unable to determine where to transfer the net amount of money collected pursuant to subsection 1, the money must be deposited in the Debt Recovery Account. If an agency disputes the decision to deposit the money in the Debt Recovery Account pursuant to this subsection, the agency may, not later than 60 days after the money is deposited in the Debt Recovery Account, submit a written request to the Interim Finance Committee seeking its determination of where the money collected pursuant to subsection 1 should be deposited. If an agency fails to submit such a written request timely, the money must remain in the Debt Recovery Account and be used in accordance with NRS 353C.226.

3. As used in this section, "net amount of money owed to the agency" means the money owed to an agency by a debtor that is collected or received by the State Controller minus:

(a) Any fees owed pursuant to a specific statute to the State Controller for collection of the debt;

(b) Any costs incurred or fees paid by the State Controller to collect any debt assigned to the State Controller for collection by the agency; ~~[and]~~

(c) Any interest on the debt collected by the State Controller under the terms of an agreement with the debtor, pursuant to NRS 353C.130, for the payment of the debt on an installment basis ~~[.]~~ ***;***

and

(d) The amount of any penalty imposed against the agency pursuant to section 1 of this act for failing to timely assign the debt to the State Controller for collection.