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# MEMORANDUM

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**To:** General Government Subcommittee

**From:** Emily Coates, Legislative Fiscal Office

**Date:** January 27, 2023

**Subject:** Semi-Independent Agencies Liquidated and Delinquent Accounts

## Summary

During the Joint Committee on Ways and Means Subcommittee on General Government work session on the Legislative Fiscal Office (LFO) Review of the Semi-Independent Agency Reports, Representative Gomberg asked for information regarding the processes used by semi-independent agencies to collect outstanding debt.

ORS 293.229 requires certain state agencies, no later than October 1 of each fiscal year, to submit a report to LFO that describes the status of the agency's liquidated and delinquent accounts and efforts made by that agency to collect accounts during the previous fiscal year. The full [Report on Liquidated and Delinquent Accounts Receivable](#) can be found on the LFO website. All semi-independent agencies submitted a report to LFO by October 1, 2022.

Additionally, all semi-independent state agencies included in the LFO Review of the Semi-Independent Agency Reports provided further detail on their internal processes for collecting outstanding civil penalties in response to Representative Gomberg's question.

In general, semi-independent state agencies use the same collections processes as other state agencies, including using the Department of Revenue and/or private collection firms to collect delinquent payments. Further detail on each agency's process is included below.

## Oregon Board of Architect Examiners

The Board assesses and collects civil penalties filed against individuals who violate the Board's policies. If payments become delinquent, the Board will begin collection efforts by sending demand letters to the individual(s). After 30 days of regular collection efforts by Board staff, any delinquent account (over \$25) may be assigned to the Department of Revenue (DOR) and/or the Department of Justice (DOJ). If DOR and DOJ are unsuccessful in collecting accounts after a year, they may be assigned to a private collection firm.

The Board offers re-payment schedules; however, it is up to the individual to initiate the process. No internal process changes are anticipated.

### Appraiser Certification and Licensure Board

The Board collects outstanding civil penalties according to assessments levied by the Board through Orders and Agreements. Initial collection efforts include consent agreements and payment plans, or requirements for payment of the civil penalty in full at the time of assessment. The Board has adopted a policy for writing off uncollectible debt in accordance with ORS 293.240 and has maintained a relatively low balance of outstanding civil penalties. No internal process changes are anticipated.

### Oregon State Board of Examiners for Engineering and Land Surveying

Civil penalties are assessed for violations by licensees or unlicensed persons. The Board sends demand letters and offers repayment plans to all parties with outstanding debt. Uncollected civil penalties are assigned to the Department of Revenue for collection. The Board does not contract with private collection firms. No internal process changes are anticipated.

### Oregon State Board of Geologist Examiners and Oregon State Landscape Architect Board

Oregon State Board of Geologist Examiners and Oregon State Landscape Architect Board have an interagency agreement where the agencies share staff administrative duties. Neither Board has an established debt collection process and to date have not accrued outstanding debt. However, if debt collection issues arise the Boards will work with the Department of Justice, Department of Administrative Services, and Department of Revenue to collect on delinquent accounts.

Generally, civil penalties are not used as sanctions in the enforcement of licensing violations. Rather, the Board focuses on using education and outreach. In limited instances where civil penalties have been imposed, agreements for partial payments over time have been used to help ensure payments are made. No internal process changes are anticipated.

### Landscape Contractors Board

The Board sends uncollected debt from civil penalties assessed on unlicensed contractors to the Department of Revenue (DOR). If DOR is unsuccessful in collecting debts the accounts are sent to a private collections firm. It is the Board's experience that the private collection firm is more successful in collecting moneys owed. Private collections firms usually cancel debt after six years, however, there are specific situations that can trigger continued efforts to collect. When necessary, and it is possible, the Board uses liens to collect debt.

The Board is in the process of hiring another staff person to assist with enforcement and in-house collections efforts. These efforts include cleaning up debt that has been on the agency's books for over 10 years. Of the total outstanding debt, the Board has begun the process of writing off \$196,837 of debt that has been on the agency's books for over 10 years.

### Oregon Board of Massage Therapists

After a notice of civil penalty becomes due and payable, the Board sends a demand letter with instructions and a payment coupon. If civil penalties are not paid or payment arrangements are not made, the Board sends outstanding accounts to the Department of Revenue (DOR). Of note, the Board previously collected penalties in-house and has used collection agencies. However, after switching exclusively to DOR the Board has seen a significant increase in collections. Consequently, the Board does not anticipate any internal process changes.

### Board of Optometry

The Board sends collections to the Department of Revenue and private collection firms. When a licensee's account is outstanding, the Board withholds the license. To date the Board only has one outstanding delinquent account. No internal process changes to collection activities are anticipated.

### Oregon Board of Physical Therapy

The Board uses a collection process consistent with the requirements and processes set forth by the Department of Administrative Services Statewide Accounts Receivable Management division and utilizes the Department of Revenue and/or private collection firms, where appropriate. Currently, the Board does not have any outstanding delinquent accounts. No internal process changes to collection activities are anticipated.

### Oregon Patient Safety Commission

The Oregon Patient Safety Commission is not a licensing board but collects annual fees from eligible licensed Oregon healthcare facilities to operate the Patient Safety Reporting Program. Uncollected fees are sent to the Department of Revenue for collection. Historically, there are very few delinquent accounts each year. No internal process changes are anticipated.