



2024 South Dakota Legislature

Senate Bill 65

Introduced by: The Chair of the Committee on Taxation at the request of the Bureau of Administration

1 **An Act to modify time limits for collection efforts for debts owed to the state.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 1-55-1 be AMENDED:**

4 **1-55-1.** Terms used in this chapter mean:

- 5 (1) "Account receivable cycle," the period of time, ~~not to exceed one hundred eighty~~
 6 ~~days,~~ during which the center may attempt to collect on a debt before the center
 7 determines the debt is ~~forwarded to any collection agency in accordance with § 1-~~
 8 ~~55-14 uncollectible and returns the remaining balance of the debt to the referring~~
 9 entity;
- 10 (2) "Center," the obligation recovery center;
- 11 (3) "Debt," a legal obligation to pay money, including any principal, any interest that
 12 has accrued or will accrue until the debt is paid, any penalties, any costs, and any
 13 other charges permitted by law. The term also includes any obligation of any kind
 14 referred to the center for collection by any agency of the state, the Unified Judicial
 15 System, the Board of Regents, a technical college supported by the state under
 16 § 13-39A-42, or a constitutional office;
- 17 (4) "Debtor," a person who is indebted to the state or a state agency for any delinquent
 18 accounts, charges, fees, loans, taxes, or other indebtedness due the state, or any
 19 person that owes any obligation being collected by the center;
- 20 (5) "Bad debt," any debt due an agency of the state, the Board of Regent's system,
 21 any technical college supported by the state under § 13-39A-42, or a constitutional
 22 office that is no longer subject to an administrative appeal or judicial review
 23 following an administrative appeal, or any costs, fines, fees, or restitution ordered
 24 in any adult criminal proceeding through the Unified Judicial System no longer
 25 subject to direct appeal under § 23A-32-2;
- 26 (6) "Final notification," the notification provided by § 1-55-7; and

1 (7) "Referring entity," the entity referring the debt to the state obligation recovery
2 center for collection.

3 **Section 2. That § 1-55-14 be AMENDED:**

4 **1-55-14.** ~~If the center is unable to collect any debt referred to it within the account~~
5 ~~receivable cycle, the~~ At such time as the center determines is appropriate, the center shall
6 may forward the debt to a collection agency or agencies for collection for a period of no
7 less than one year, or as otherwise stipulated in the contract between the center and the
8 collection agency. The debt collection agency ~~shall~~ must be permitted to add a collection
9 charge, not to exceed twenty percent of the debt, to the debt forwarded to the collection
10 agency as payment for its collection services. The center or a collection agency may retain
11 debt beyond the ~~account receivable cycle or other~~ applicable collection period if the entity
12 is actively engaged in substantive collection efforts, or based on other good cause.

13 The Bureau of Administration shall promulgate rules pursuant to chapter 1-26
14 concerning the process of contracting with and referring debt to debt collection agencies.