

**45.238 Powers and duties of Department of Revenue to collect referred debts --  
Cost-ineffective debts -- Treatment of collected debts -- Annual report.**

- (1) Debts that are certified by an agency as provided in KRS 45.237 shall be referred to the department for collection. The department shall be vested with all the powers necessary to collect any referred debts.
- (2) For those debts deemed unfeasible or cost ineffective to pursue, the department shall maintain written records of the debt and the reason the debt was deemed unfeasible or cost ineffective to pursue. These debts shall be written off in accordance with administrative regulations promulgated under the authority of subsection (6) of this section.
- (3)
  - (a) All certified debts received by the department after the sixty (60) day collection period allowed in KRS 45.237(4) shall be subject to interest at the tax interest rate determined under KRS 131.183, on the amount of the debt from the date the debt is certified to the department until it is satisfied, and a twenty-five percent (25%) collection fee.
  - (b) The department may retain the collection fee.
  - (c) Recovered funds and interest may, at the discretion of the secretary of the Finance and Administration Cabinet, be returned to the agency certifying the debt or improper payment or to the Court of Justice for allocation as otherwise provided by law. If the recovered funds and interest are not returned to the agency or Court of Justice, the amounts shall be deposited in the budget reserve trust fund established in KRS 48.705, except for Medicaid benefits and funds required by law to be remitted to a federal agency.
- (4) The commissioner of the department may refer to the Attorney General any unsatisfied claim, demand, account, or judgment in favor of the Commonwealth for further civil or criminal action under KRS 15.060.
- (5)
  - (a) The department shall report annually by October 1 to the Legislative Research Commission on all referred certified debts, including at least a summary of the debts by agency, fund type, and age, the latter compiled in the following four (4) categories:
    1. Debts from ninety (90) to one hundred seventy-nine (179) days old;
    2. Debts from one hundred eighty (180) to three hundred sixty-four (364) days old;
    3. Debts over one (1) year old but less than three (3) years old; and
    4. Debts three (3) years old or older.
  - (b) The annual report shall also include the collection amount of the debts in paragraph (a) of this subsection and the accounts to which the amounts are credited.
- (6) The department shall promulgate administrative regulations in accordance with KRS Chapter 13A to establish standards that agencies shall use in determining when to write debts off the books.

**Effective:** July 15, 2008

**History:** Amended 2008 Ky. Acts ch. 44, sec. 1, effective July 15, 2008. -- Amended 2005 Ky. Acts ch. 85, sec. 62, effective June 20, 2005. -- Created 2004 Ky. Acts ch. 192, sec. 2, effective April 21, 2004.