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ORIGINAL.

WORK ORDER REQUEST FORM

12-

KEYWORDS: _____

ASSIGNED TO _____

REQUEST FOR: BILL RESOLUTION RESEARCH OTHER

SUBJECT _____

REQUESTED FOR _____ BY _____ EXT. _____

* DELIVER TO _____ TAKEN BY _____

INSTRUCTIONS, EXPLANATIONS _____

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH _____

RETURN _____

_____ TO REQUESTER

APPROVED: _____ Director, Legal Services

REVIEWED _____

IN _____ DUE _____

TYPED - Draft _____ DATE _____

Final _____ DATE _____

PROOFED _____ DELIVERED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

DRAFT

FINAL

WORK ORDER REQUEST FORM

42-1001

KEYWORDS: loan funds/loans
bankruptcy
claims

ASSIGNED TO Asper

REQUEST FOR: BILL RESOLUTION RESEARCH OTHER

SUBJECT Claims of the State

REQUESTED FOR Sen. Roddy BY Kevin Bruce EXT. 3737

* DELIVER TO Senator Roddy TAKEN BY None

INSTRUCTIONS, EXPLANATIONS Can the state exempt state student loans from bankruptcy laws? See SB 132 and attached memo.

OBTAIN

SPECIAL DRAFTING INSTRUCTIONS ATTACHED

AUTHORIZED TO CONFER WITH _____

RETURN _____

TO REQUESTER

APPROVED: 401 Director, Legal Services

REVIEWED _____

SPECIAL INSTRUCTIONS TO TYPIST/PROOFREADER

IN _____ DUE _____

TYPED - Draft _____ DATE _____

Final _____ DATE _____

PROOFED _____ DELIVERED _____

DRAFT

FINAL

AMENDMENT

OFFERED IN THE SENATE:

By: Senate Judiciary

To: Senate Secretary SENATE BILL No. 132

HOUSE BILL No. _____

PAGE: _____

LINE: _____

To page 1, lines 13 & 28:

Delete "set off" and insert "offset" in its place.

To page 2, lines 12 & 13:

Delete "setting Off" and insert "offsetting" in its place.

To page 2, lines 15, 16, & 27:

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To page 3, line 19:

Delete "set off" and insert "offset" in its place.

To page 4, line 26:

Delete "set off" and insert "offset" in its place.

To page 5, lines 7 & 10:

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COMMITTEE REPORT

SENATE

FURTHER: Finance

2/2/81

Date:

APRIL 3, 1981

Mr. President:

The Committee on JUDICIARY has had SB 132

claims of the state

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

do pass do not pass

do pass with attached amendments(s)

replace with CS for _____ same title
 new title

and recommends _____

AND attaches a "Letter of Intent" New Fiscal Note

reports it back without recommendation

referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Charles R. ...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Thomas ...
...

...
CHAIRMAN

AMENDMENT

OFFERED IN THE SENATE:

By: Senate Judiciary

To: Senate Secretary SENATE BILL No. 132

HOUSE BILL No. _____

PAGE: _____

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5
JUNEAU, ALASKA 99811

February 23, 1981

The Honorable Patrick M. Rodey
Chairman, Senate Judiciary Committee
Alaska State Senate
Pouch V
Juneau, Alaska 99811

Dear Chairman Rodey:

The purpose of Senate Bill 132 is to consolidate the collection of delinquent accounts of the State of Alaska in one agency. The Department of Revenue has accumulated a great deal of expertise and experience in the collection of delinquent taxes. A major portion of those delinquent accounts will be eliminated as the statute of limitations runs out, now that the individual income tax has been repealed. It is desirable to retain that expertise in the interest of improving the cash flow of the state by collecting other delinquent accounts and thereby returning to the Treasury additional funds which may be used for other purposes in the interests of the citizens of the state. This bill will establish a system whereby those objectives can be achieved.

The bill provides for two methods for the department to collect liquidated debts of various state agencies. The department may either offset amounts owed by the state to individuals or businesses against debts which they owe the state, or it may proceed with collection methods allowed any creditor under Title 9.

Sections 050 - 090 largely deal with the offset procedure. Those procedures require that an agency desiring to collect a debt by offset must notify the Commissioner of Revenue of the existence of the debt and the Commissioner must then determine whether a payment is due the debtor by the state. The claiming agency is then required to notify the debtor of an attempt to offset and, at that time, the debtor has an opportunity to challenge the amount of the debt. If the debtor challenges the amount of the debt, the claiming agency is required to hold a hearing and notify the Department of Revenue of the result of that hearing. If the agency determines that the debt is still due, it shall so notify the Commissioner of Revenue so that an offset may be made. A time limit of 20 days is set for the agency to notify the Commissioner of Revenue of the results of a hearing determination. If that 20 day period is not met, then the department shall release the payment due the debtor without any offset. On the other hand, if certification under 080 is made by the claiming agency based on the results of a hearing, then the offset will be made; if any amounts remain over and above the offset, those amounts will then be paid to the debtor. If ruling by the claiming agency is appealed by the debtor, the offset procedure will still take

February 23, 1981

effect. If the administrative decision is later overturned, then the Department of Administration will pay to the debtor the amount offset, with interest at the rate of 8% from the date of the offset.

The bill also establishes priorities in the case of multiple claims. Priority is according to the date a claim is received by the department. The Department of Revenue, however, has priority over other claiming agencies for amounts owed to it.

The bill also provides that the department shall attempt to collect judgement debts under the provisions of AS 09 if the offset procedures are inadequate. It further provides definitions of "claiming agency", "liquidated debt", "Commissioner", "debtor", "department", and "payment". Finally, the Act would take effect July 1, 1981.

If you have any questions about this Bill, please feel free to contact me at 465-2300 or Fred Boetsch, Director of our Enforcement Division at 465-2366.

Sincerely,



Thomas K. Williams
Commissioner

OFFICE OF THE COMMISSIONER

FEB 2. 1981

ALASKA DEPARTMENT OF REVENUE

February 2, 1981

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would centralize collection of state claims in the Department of Revenue. This bill, based on Oregon law, provides for the Department of Revenue to withhold refunds and any other payments from the state and credit those payments to a debtor's account with a state agency.

State agencies, under this bill, will submit a list of debtors having liquidated debts with the agency to the Department of Revenue which will determine whether those debtors are entitled to a tax refund or other payment. If it is determined that enough money is available for setoff, the claimant agency will notify the debtor of its intent to set off the debt and provide the debtor with an opportunity to request a hearing. After a hearing, or after the expiration of time for a hearing, the Department of Revenue will divert part or all of the payment to the agency, which in turn will credit the debtor's account in the amount of the setoff. This bill will provide an efficient method of collecting debts owed to the state.

Sincerely,

Jay S. Hammond
Governor

MEMORANDUM

State of Alaska

TO: *Joeseph K. Donohue*
Deputy Commissioner
Department of Revenue

DATE: January 19, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch *FPS*
Director
Enforcement Division

SUBJECT: Fiscal Note for
Statewide Collection
Act

The Statewide Collection Act which the Governor is introducing is similar to House Bill 869 from last year's session. Some changes have been made to that bill in order to strengthen its operation. In the first place, the Act requires that liquidated debts be turned over to the Department of Revenue for collection procedures unless certain exceptions delineated in section 2 exist. Secondly, the set-off procedure would be against any amount owed by the state to the debtor instead of just taxes and/or Permanent fund dividends. And third, the Department of Revenue would also have the authority to follow concurrent collection procedures under AS 09.

It appears from our research that accounts receivable of 3 1/2 to 4 million dollars might be subject to collection by the Department of Revenue under this bill. The bulk of these delinquent accounts is in the student loan program, although a certain amount of delinquency also exists in most of the other state loan programs. We will initiate the program with a modest core unit designed to implement all the responsibilities and functions assigned to us under this bill. The first year of experience will give us an opportunity to ascertain the precise workload that will be assigned to the Department of Revenue. It is possible that this group could be expanded horizontally in subsequent years if there is sufficient workload justification.

The Department of Revenue, through its experience with tax collection efforts, has developed expertise in the areas of skip-tracing, progressive collection efforts, and levy and seizure. With the elimination of individual income tax and the collection workload related to that, we are in a good position to pick up other collection efforts. Although this fiscal note identifies additional resources necessary to do this job, it should be pointed out that our FY '82 budget contemplates the deletion of some sixteen positions during FY '82. The operation of that budget and this fiscal note concurrently would result in our retaining some of those positions scheduled for deletion under the FY '82 budget proposal. Accordingly, the cost indicated below would merely be retractions of the deletion proposed for FY '82 rather than actual additions to the FY '81 continuation level (that is we would drop 16 positions and add back 4 with a net deletion of 12).

The cost associated with implementation of this bill would amount to \$152,200 for FY '82. This includes the salary and benefits for a Revenue Enforcement Officer III, 2 Tax Collection Specialists II's, (or Paralegal Assistants) and an Accounts Receivable Clerk. In addition, we would require \$5,000 in travel money for the Revenue Enforcement Officer to meet face to face with debtors in the extremely difficult collection cases. We would also need an enhancement of the existing accounts receivable system in order to accommodate the liquidated debts assigned to us. The basic design for that

system already exists and would need some minor modification to include these additional accounts. Detailed design and programming effort in order to get an up and running system which would accommodate the debts under this bill would cost an additional \$20,000, which is included in contractual services. I have also included \$5,000 for additional telephone costs and \$2,000 for postage. Additional commodities and equipment costs are also included in the fiscal note.

It is difficult to estimate at this time the potential results which could be achieved from this bill. Based on our past performance with the collection of taxes, a very difficult item to collect these days, I feel that the Enforcement Division is well situated to significantly improve the collection of delinquent accounts on a statewide basis. We will find that the amount collected will far exceed the cost involved. The first year of experience will give us a better handle on the cost/benefits as well as the potential workload for this unit.

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title Statewide Collection Act
 Requested by Governor Date January 19, 1981

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Enforcement

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		114.6				
200 TRAVEL		5.0				
300 CONTRACTUAL		27.0				
400 COMMODITIES		1.6				
500 EQUIPMENT		4.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		152.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		152.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		4				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memo from Fred Boetsch, Director, Enforcement Division to Joseph K. Donohue, Deputy Commissioner of Taxation, dated January 19, 1981, attached.

IV. DATE January 19, 1981 PREPARED BY Fred P. Boetsch
 AGENCY Revenue PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title Relating to Claims of the State
 Requested by the Governor Date 1/26/81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
 Program Category Affected _____ General Government _____
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		9.9	30.2			
200 TRAVEL						
300 CONTRACTUAL			50.5			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		9.9	80.7			

FUNDING (Thousands of Dollars)

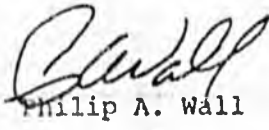
GENERAL FUND		9.9	80.7			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		1/3mn	2/12mn			
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See Page 2.

IV. DATE 1-28-81 PREPARED BY  Philip A. Wall
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

Assumptions

Claims submitted by State agencies will off-set against tax refund and Permanent Fund Dividend payments being processed by the Department of Revenue and against payments being made by the Department of Administration. The computer programs to data capture claims information, attach payments being made and process the off-set must be written. Resources will be needed to process the claims and apply controls will also be required. The expenditures defined below will enable system design and initial process and will define on-going costs for future budget requests.

Positions

One Systems Analyst to design the processing system and write the computer programs:

6mm @ R 18, \$2,640 per mo, plus 25%	19.8
--------------------------------------	------

One Accounting Clerk to batch claims, apply controls, make corrections, prepare offset adjustments and release payment of money excess to debts:

6mm @ R 8, \$1,393 per mo., plus 25%	10.4
--------------------------------------	------

Other Expenditures

Data Processing Costs: Storage, 50mgb @ \$4 - 24.0;
 Program Development and Processing @ 2.0 per mo - 24.0

Communications: Postage and Toll Calls - 1.5

Miscellaneous Contractual - 1.0	<u>50.5</u>
---------------------------------	-------------

	<u>80.7</u>
--	-------------

STATE OF ALASKA

file copy
JAY S. HAMMOND, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5 - JUNEAU 99811

March 6, 1980

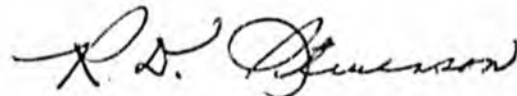
The Honorable Charles Parr
Chairman
House Judiciary Committee
Room 124 - Capitol Building
Juneau, Alaska 99811

Dear Mr. Parr:

House Bill No. 869, an Act relating to claims of the state, was introduced in the House on February 18, 1980 and was referred to the House Judiciary Committee.

For the consideration of the House Judiciary Committee, I am enclosing copies of Fiscal Notes prepared by P. A. Wall, Director, Administrative Services Division and Fred Boetsch, Director, Enforcement Division of the Department of Revenue concerning the proposed legislation.

Sincerely,



R. D. Stevenson
Special Assistant

cc: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

P. A. Wall, Director
Administrative Services Division
Department of Revenue

Fred Boetsch, Director
Enforcement Division
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

REQUEST
 Bill/Resolution No. HB869
 Title Claims of the State
 Requested by Parr Date _____

II. FISCAL DETAIL

Agency Affected Department of Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Enforcement Division
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		22.7	22.7	22.7	22.7	22.7
200 TRAVEL						
300 CONTRACTUAL		4.7	4.7	4.7	4.7	4.7
400 COMMODITIES		.5	.5	.5	.5	.5
500 EQUIPMENT		1.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		28.9	27.9	27.9	27.9	27.9

FUNDING (Thousands of Dollars)

GENERAL FUND		28.9	27.9	27.9	27.9	27.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

The Enforcement Division would require the services of one Tax Collection Specialist to implement its portion of the administration of this bill. Our part of the procedure would be to prepare a short audit in order to apply the proposed refund to the claimed debt. This would require a CRT terminal to access the refund and agency claims files and appropriate forms for handling the short audits. In the initial year a desk, chair, calculator and files storage would be purchased.

We do not have specific information as to the probable volume of claims. However, since the new procedure would be functionally differentiated from other procedures, an appropriate organizational module would have to be created to implement the program. It is possible that the volume would be come great enough to require additional personnel and/or equipment in subsequent years.

IV. DATE 2-28-80 PREPARED BY Fred Boetsch
 AGENCY Department of Revenue
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

1	POSITION TITLE Tax Collection Specialist I			RANGE/STEP 10A	BARG. UNIT. G	LOCATION Juneau	COV	APPROV	DISAPP
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No.	PCN No. NEW	PRIORITY	FORM 12 PAGE/LINE	LEG		
3	TYPE OF EXPENDITURE		AMOUNT		JUSTIFICATION:				
	1	2	3						
4	PERSONAL SERVICES: SALARY 1,440/mo.		17,280						
5	BENEFITS		3,059						
6	FICA		1,059						
7	HEALTH INS.		1,272						
8	TOTAL PERSONAL SERVICES		22,670						
9	TRAVEL								
10	CONTRACTUAL		4,700						
11	COMMODITIES		500						
12	EQUIPMENT		1,000						
13	OTHER								
14	TOTAL COST		28,870						
	CODE	FUNDING SOURCE							
15		FED RCPTS.							
16		GF MATCH.							
17		GEN. FUND		28,870					
18		I-A RCPTS.							
19		PGM RCPTS							
20		OTHER							
21	CONTINUATION	FOR B&M USE ONLY							
22	ADDITION								
4A KEY NUMBER		COLDIAN NO.							

(continued on next page.)

P. A. Wall
P. A. Wall
Revenue
465-2313

PREPARED BY
AGENCY
PHONE

IV. DATE 3-5-80

Original: Legislative Finance
cc: Budge. and Management
Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/79)

AGENCY Department of Revenue PROGRAM AREA Revenue Collection & Management

DRU Enforcement

FY 81

13 REQUEST FOR NEW POSITION.

COMPONENT _____

Page _____ of _____

REVISED DATE _____

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HB 869
 Bill/Resolution No. _____
 Title Claim of the State
 Requested by _____ Date 2-26-80

II. FISCAL DETAIL
 Agency Affected _____ Revenue _____
 Program Category Affected _____ General Government _____
 BRU, Program, or Subprogram(s) Affected Administration & Support, Management Services
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES		29.5	31.6	33.8	36.1	38.7
200 TRAVEL						
300 CONTRACTUAL		4.0	4.3	4.6	4.9	5.2
400 COMMODITIES		.3	.3	.3	.4	.4
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		34.3	36.2	38.7	41.4	44.3

FUNDING (Thousands of Dollars)

GENERAL FUND		34.3	36.2	38.7	41.4	44.3
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

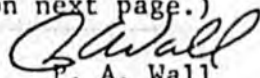
FULL TIME		1/12mm	1/12mm	1/12mm	1/12mm	1/12mm
PART TIME		1/3mm	1/3mm	1/3mm	1/3mm	1/3mm
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

HB 869 would allow all State agencies to offset certain debt claims against individual income tax refunds. The procedure in the Bill should be changed by four considerations:

1. Most refunds held because of claimed debt will exceed the 30 days contained in AS 43.20.215 and result in interest penalties. The action to be taken should be defined.
2. There is no provision for early release of the held refund should the debtor pay the claimant agency directly. An early release feature by the claimant agency would be helpful.

(continued on next page.)

IV. DATE 3-5-80 PREPARED BY 
 AGENCY Revenue
 PHONE 465-2313
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

HB 869 Analysis (continued)

3. Most important, Sec. 44.78.070 does not provide for notifying Revenue should a hearing be requested by the debtor. This is necessary to insure the refund is held to determination of the hearing and through the 20-day certification period in Sec. 44.78.080. A subsection 44.78.070(c) could say, "The department shall hold action upon the refund until Sec. 44.78.080 is complete."
4. It appears that AS 44.78.060 should be corrected to 050(c) under Sec. 44.78.060 (page 2, line 28).

Assumptions

An estimate of the number of debt claims is not possible. Claims from the student, veterans and agriculture loan, motor vehicle and other programs which serve large numbers of individuals are assumed. The promulgation of regulations, design and distribution of a debt claim form and the procedure to establish and control debt claim offsets is assumed to constitute one additional employee's work load.

Positions

1 PFT Accounting Clerk II, Range 8 A	
\$1,277 per mo. X 12 months	= 15.3
Benefits - 2.3, FICA - 1.0, H.I. - 1.5	= 4.8
1 PPT Systems Analyst, Range 18 A	
\$2,465 per mo, X 3 months	= 7.4
Benefits - 1.1, FICA - .5, H.I. - .4	= 2.0

Other Expenditures

Contractual	= 4.0
Forms - 1.0	
Postage, Phone - 1.5	
DP Chargeback - 1.0	
Miscellaneous - .5	
Commodities	= .3
Equipment	= .5

This debt offset concept would be even more effective if the control was placed on the Daily Warrant Process in the Department of Administration where the warrants which make all State payments, including the refund warrants, are written each day.

A M E N D M E N T

OFFERED IN THE SENATE:

By: Senate Judiciary

To: Senate Secretary SENATE BILL No. 132

HOUSE BILL No. _____

PAGE: _____

LINE: _____

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Introduced: 2/2/81
Referred: Judiciary and
Finance

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 132

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to claims of the state; and providing
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. LEGISLATIVE PURPOSE. The purpose of this Act is to

10 (1) require departments and agencies of the state to cooperate in
11 identifying debtors who owe money to the state and who also qualify for
12 payments from the state;

13 (2) establish procedures to ^{OFFSET}~~set off~~ against a payment from the
14 state the amount of a debt owed to the state.

15 * Sec. 2. AS 44 is amended by adding a new chapter to read:

16 CHAPTER 78. COLLECTION OF CLAIMS OF THE STATE.

17 Sec. 44.78.010. COLLECTION BY DEPARTMENT OF REVENUE. (a) Each
18 claimant agency of the state shall submit a liquidated debt to the de-
19 partment for collection under the procedures established in this chap-
20 ter unless:

21 (1) the agency is advised by the attorney general not to
22 submit a claim because the validity of the debt is in dispute;

23 (2) an alternative remedy is available and is believed by
24 the claimant agency to be more effective; or

25 (3) the collection attempt may result in a loss of federal
26 financial participation in state programs.

27 (b) If the amount of the liquidated debt exceeds any payment due
28 the debtor by the state, the ^{OFFSET}~~setoff~~ procedures established in this
29 chapter may be used concurrently with other methods for collection of

1 the excess due.

2 Sec. 44.78.020. IDENTIFYING INFORMATION. A claimant agency shall
3 obtain the full name, the social security number, the residence address
4 and mailing address, and any other identifying information required
5 under regulations of the department for a person who may be subject to
6 the collection procedures of this chapter.

7 Sec. 44.78.030. MINIMUM SUM COLLECTIBLE. In collecting a debt, a
8 claimant agency may not use the procedures established under this
9 chapter unless that debt and the payment from the state from which it
10 would be offset is at least \$100.

11 Sec. 44.78.040. COLLECTIONS. The commissioner shall attempt to
12 collect a delinquent account or debt owed to a claimant agency by ^{OFFSETTING} [set-
13 ting off] a payment due the debtor from the state or by the use of other
14 collection methods permitted under AS 09.

15 Sec. 44.78.050. PROCEDURE FOR ^{OFFSET} [SETOFF] (a) A claimant agency
16 that attempts to collect a liquidated debt by ^{OFFSET} [setoff] under this chapter
17 shall notify the commissioner in writing and provide the commissioner
18 with the information required under AS 44.78.020.

19 (b) If the commissioner determines that a debtor qualifies for a
20 payment of \$100 or more from the state, the department shall notify the
21 claimant agency in writing that a payment is pending, specify the
22 amount of the payment, and indicate the address of the debtor set out
23 on the invoice, billing, or other document which forms the basis of the
24 debtor's claim for payment from the state. Payment to the debtor may
25 not be made by the Department of Administration until approval is
26 received from the commissioner under AS 44.78.080(a).

27 Sec. 44.78.060. NOTICE OF INTENT TO ^{OFFSET} [SET OFF] (a) Upon notifi-
28 cation under AS 44.78.050(b) that a debtor is entitled to a payment,
29 the claimant agency shall within 10 days after receiving the notice

1 send a notice in writing to the debtor of its claim against the pay-
2 ment. The claimant agency shall provide a copy of this notice to the
3 commissioner.

4 (b) If the commissioner receives a copy of the notice sent under
5 (a) of this section within 30 days after the department's notice to the
6 claimant agency under AS 44.78.050(b), the commissioner shall notify
7 the Department of Administration to not issue a payment to the debtor.

8 (c) The contents of the notice to the debtor must clearly set out

9 (1) the basis for the agency's claim;

10 (2) the claimant agency's intention to apply the payment
11 against the claimed debt;

12 (3) the debtor's right to request a hearing before the
13 claimant agency within 30 days after the date of the mailing of the
14 notice;

15 (4) the mailing address to which the request for the hearing
16 must be sent; and

17 (5) the fact that failure to request a hearing in writing
18 within 30 days is a waiver of the opportunity to contest the liquidated
19 debt and is a consent to the ^{OFFSET} setoff or other collection action.

20 (d) A request by the debtor for a hearing is effective when
21 mailed if the postage is prepaid and the request is properly addressed
22 to the claimant agency.

23 Sec. 44.78.070. HEARING PROCEDURES. (a) The claimant agency
24 shall grant a hearing request by a debtor under AS 44.78.060 if the
25 debtor demonstrates that there is a genuine issue with respect to the
26 amount of the debt or the identity of the debtor. An issue may not be
27 considered at this hearing which has been decided at an earlier hearing,
28 or should have been raised at an earlier hearing.

29 (b) Efforts to collect the liquidated debt must be deferred until

1 the agency either denies the debtor's request for a hearing or issues a
2 final decision after a hearing.

3 (c) Except as provided in AS 44.78.080(c), AS 44.62.330 -- 44.-
4 62.640 do not apply to hearings held under this section.

5 Sec. 44.78.080. CERTIFICATION OF DEBT. (a) Within 20 days after
6 expiration of the date for requesting a hearing, denial of a hearing
7 request, or a final determination after hearing favorable to the
8 claimant agency, the claimant agency shall certify to the commissioner
9 the debt determined to be due. If no certification is made within the
10 20-day period, the commissioner shall notify the Department of Admini-
11 stration to issue the payment.

12 (b) When the commissioner receives a certification under (a) of
13 this section, he or she shall transfer the amounts determined to be due
14 under the final decision issued under AS 44.78.070 to the claimant
15 agency and authorize the Department of Administration to pay any re-
16 maining money to the debtor.

17 (c) A final action by the claimant agency under AS 44.78.070 may
18 be appealed under AS 44.62.560 and 44.62.570. However, no stay of the
19 commissioner's action under (b) of this section may be granted. If the
20 claimant agency's action is reversed or modified on appeal, the Depart-
21 ment of Administration shall promptly pay to the debtor any sum due,
22 together with interest computed at the rate of eight percent per year
23 from the date the Department of Revenue transmits the money to the
24 claimant agency.

25 Sec. 44.78.090. ~~PRIORITIES~~. The priority of multiple claims to
26 money allowed to be ^{OFFSET} set off under this chapter is established by the
27 sequence in which each claimant agency notifies the commissioner under
28 AS 44.78.050(a). The department has priority over other claimant agen-
29 cies if it has a claim against a payment.

1 Sec. 44.78.100. REGULATIONS. The commissioner may adopt regula-
2 tions under the Administrative Procedure Act (AS 44.62) to implement
3 this chapter, including regulations governing hearing procedures under
4 AS 44.78.070 if the claimant agency has not adopted regulations which
5 establish hearing procedures.

6 Sec. 44.78.110. ADDITIONAL REMEDIES; COLLECTION OF JUDGMENTS.

7 (a) The ^{OFFSET} [setoff] procedure established under this chapter is in addition
8 to any other remedy available by law.

9 (b) The department shall attempt to collect judgment debts under
10 AS 09 if the ^{OFFSET} [setoff] procedures established in this chapter are inade-
11 quate or if no payment is found to be due under AS 44.78.050(b).

12 Sec. 44.78.120. DEFINITIONS. In this chapter,

13 (1) "claimant agency" means a department or agency of the
14 executive or judicial branch of the state government which believes
15 that a debt is owed to it by the debtor;

16 (2) "liquidated debt" means money owed to the state under an
17 express agreement or by operation of law which is determined by a
18 claimant agency to be a valid, enforceable debt after a hearing or by
19 expiration of the time to request a hearing;

20 (3) "commissioner" means the commissioner of revenue or his
21 designee;

22 (4) "debtor" means a person who owes money or who has a de-
23 linquent account with a claimant agency which has not been satisfied by
24 a judgment of a court of competent jurisdiction, set aside by a ju-
25 dgment, or discharged in bankruptcy;

26 (5) "department" means the Department of Revenue;

27 (6) "payment" means a claim for refund under AS 43.20, a
28 distribution of permanent fund revenues to a debtor that may be pro-
29 vided by law, and a claim for a service, material, lease, rental, or

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other amount owed to the debtor by the state.

* Sec. 3. This Act takes effect July 1, 1981.

OFFICE OF THE COMMISSIONER

FEB 2. 1981

ALASKA DEPARTMENT OF REVENUE

February 2, 1981

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would centralize collection of state claims in the Department of Revenue. This bill, based on Oregon law, provides for the Department of Revenue to withhold refunds and any other payments from the state and credit those payments to a debtor's account with a state agency.

State agencies, under this bill, will submit a list of debtors having liquidated debts with the agency to the Department of Revenue which will determine whether those debtors are entitled to a tax refund or other payment. If it is determined that enough money is available for setoff, the claimant agency will notify the debtor of its intent to set off the debt and provide the debtor with an opportunity to request a hearing. After a hearing, or after the expiration of time for a hearing, the Department of Revenue will divert part or all of the payment to the agency, which in turn will credit the debtor's account in the amount of the setoff. This bill will provide an efficient method of collecting debts owed to the state.

Sincerely,

Jay S. Hammond
Governor

MEMORANDUM

State of Alaska

Formalize
Admin Procedures

TO: Joseph K. Donohue
Deputy Commissioner
Department of Revenue

DATE: January 19, 1981

FILE NO:

TELEPHONE NO:

FROM: Fred P. Boetsch
Director
Enforcement Division

2366

SUBJECT: Fiscal Note for
Statewide Collection
Act

GENERAL ACCOUNTS
PAYABLE
+ PRAC
REFUND
+ PRAC
+ PRAC

The Statewide Collection Act which the Governor is introducing is similar to House Bill 869 from last year's session. Some changes have been made to that bill in order to strengthen its operation. In the first place, the Act requires that liquidated debts be turned over to the Department of Revenue for collection procedures unless certain exceptions delineated in section 2 exist. Secondly, the set-off procedure would be against any amount owed by the state to the debtor instead of just taxes and/or Permanent Fund dividends. And third, the Department of Revenue would also have the authority to follow concurrent collection procedures under AS 09.

WHAT OTHER DEBTS
WOULD STATE HAVE
TO INDIVIDUALS?

162.1 TO
COLLECT? →

It appears from our research that accounts receivable of 3 1/2 to 4 million dollars might be subject to collection by the Department of Revenue under this bill. The bulk of these delinquent accounts is in the student loan program, although a certain amount of delinquency also exists in most of the other state loan programs. We will initiate the program with a modest core unit designed to implement all the responsibilities and functions assigned to us under this bill. The first year of experience will give us an opportunity to ascertain the precise workload that will be assigned to the Department of Revenue. It is possible that this group could be expanded horizontally in subsequent years if there is sufficient workload justification.

HOW ARE THESE
DEBTS COLLECTED NOW?
HOW DOES THIS AFFECT
DEBTORS FILING
BANKRUPTCY?

NO NOC
NO PRAC

The Department of Revenue, through its experience with tax collection efforts, has developed expertise in the areas of skip-tracing, progressive collection efforts, and levy and seizure. With the elimination of individual income tax and the collection workload related to that, we are in a good position to pick up other collection efforts. Although this fiscal note identifies additional resources necessary to do this job, it should be pointed out that our FY '82 budget contemplates the deletion of some sixteen positions during FY '82. The operation of that budget and this fiscal note concurrently would result in our retaining some of those positions scheduled for deletion under the FY '82 budget proposal. Accordingly, the cost indicated below would merely be retractions of the deletion proposed for FY '82 rather than actual additions to the FY '81 continuation level (that is we would drop 16 positions and add back 4 with a net deletion of 12).

IS THIS A PRIMARY
CONCERN OF
REVENUE- MAINTAINING
PERSONNEL?

The cost associated with implementation of this bill would amount to \$152,200 for FY '82. This includes the salary and benefits for a Revenue Enforcement Officer III, 2 Tax Collection Specialists II's, (or Paralegal Assist nts) and an Accounts Receivable Clerk. In addition, we would require \$5,000 in travel money for the Revenue Enforcement Officer to meet face to face with debtors in the extremely difficult collection cases. We would also need an enhancement of the existing accounts receivable system in order to accommodate the liquidated debts assigned to us. The basic design for that

MORTGAGE (CONT)
SBA (CONT)
FISHING LOANS

STUDENT

←

system already exists and would need some minor modification to include these additional accounts. Detailed design and programming effort in order to get an up and running system which would accommodate the debts under this bill would cost an additional \$20,000, which is included in contractual services. I have also included \$5,000 for additional telephone costs and \$2,000 for postage. Additional commodities and equipment costs are also included in the fiscal note.

It is difficult to estimate at this time the potential results which could be achieved from this bill. Based on our past performance with the collection of taxes, a very difficult item to collect these days, I feel that the Enforcement Division is well situated to significantly improve the collection of delinquent accounts on a statewide basis. We will find that the amount collected will far exceed the cost involved. The first year of experience will give us a better handle on the cost/benefits as well as the potential workload for this unit.

→ WHAT PROPORTION OF DEBTORS RESIDES IN STATE AND ARE THEREFORE LIKELY TO BE AVAILABLE TO DUN?

FISCAL NOTE

I. REQUEST

Bill/Resolution No. _____
 Title Statewide Collection Act
 Requested by Governor Date January 19, 1981

II. FISCAL DETAIL

Agency Affected Revenue
 Program Category Affected Revenue Collection and Management
 BRU, Program, or Subprogram(s) Affected Enforcement
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		114.6				
200 TRAVEL		5.0				
300 CONTRACTUAL		27.0				
400 COMMODITIES		1.6				
500 EQUIPMENT		4.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		152.2				

FUNDING (Thousands of Dollars)

GENERAL FUND		152.2				
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		4				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See memo from Fred Boetsch, Director, Enforcement Division to Joseph K. Donohue, Deputy Commissioner of Taxation, dated January 19, 1981, attached.

IV. DATE January 19, 1981 PREPARED BY Fred P. Boetsch
 AGENCY Revenue
 PHONE 465-2366
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

I. REQUEST

Bill/Resolution No. _____
Title Relating to Claims of the State
Requested by the Governor Date 1/26/81

II. FISCAL DETAIL

Agency Affected _____ Revenue _____
Program Category Affected _____ General Government _____
BRU, Program, or Subprogram(s) Affected: Administration & Support, Management Services
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		9.9	30.2			
200 TRAVEL						
300 CONTRACTUAL			50.5			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		9.9	80.7			

FUNDING (Thousands of Dollars)


GENERAL FUND		9.9	80.7			
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME		1/3mm	2/12mm			
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See Page 2.

IV. DATE 1-28-81 PREPARED BY  Philip A. Wall
AGENCY Revenue
PHONE 465-2313
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Assumptions

Claims submitted by State agencies will off-set against tax refund and Permanent Fund Dividend payments being processed by the Department of Revenue and against payments being made by the Department of Administration. The computer programs to data capture claims information, attach payments being made and process the off-set must be written. Resources will be needed to process the claims and apply controls will also be required. The expenditures defined below will enable system design and initial process and will define on-going costs for future budget requests.

Positions

One Systems Analyst to design the processing system and write the computer programs:

6mm @ R 18, \$2,640 per mo, plus 25% 19.8

One Accounting Clerk to batch claims, apply controls, make corrections, prepare offset adjustments and release payment of money excess to debts:

6mm @ R 8, \$1,393 per mo., plus 25% 10.4

Other Expenditures:

Data Processing Costs: Storage, 50mgb @ \$4 - 24.0;
Program Development and Processing @ 2.0 per mo - 24.0

Communications: Postage and Toll Calls - 1.5

Miscellaneous Contractual - 1.0 50.5

80.7



Official Business

Alaska State Legislature

Senate

Committee on Judiciary

Pouch V
State Capitol
Juneau, Alaska 99811

A G E N D A

Wednesday, March 4, 1981

CALL TO ORDER

Confirmation of Jean F. O'Sullivan to the Commission on Judicial Qualifications.

CSSB 99 "An Act prohibiting sex discrimination in education in the State and implementing Article I, Section 3 of the Alaska Constitution.

SB 132 "An Act relating to claims of the state and providing for an effective date."

ADJOURN

February 2, 1981

The Honorable Jalmar Kerttula
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill which would centralize collection of state claims in the Department of Revenue. This bill, based on Oregon law, provides for the Department of Revenue to withhold refunds and any other payments from the state and credit those payments to a debtor's account with a state agency.

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Sincerely,

S/JSH

Jay S. Hammond
Governor

CSEA 10/4/79

NAMES AND ADDRESSES

AREA
CODE

TELEPHONE

Fed funding - attached to bill Sen Long didn't like, he tacked
it on to one Ullman didn't like = HB 3434 passed

After new system in. Fed funding in, estimates 60-65%
case load work will be AFDC. Barbara Henderson
(~~of~~ Fed of Seattle) will give 95% of AFDC funding)

Going to admin court order for child support, worked
out with father, he can always fight in court

Problem w/ garnishee pay - need se order for
each pay check. - would like consent of father
for with. holding until arrearage paid AS 47.23.2-50

82% delinquent

65% AFDC parent outside state - 1000 month, to 650

130-140 out of state to us per month (65% AFDC of the
state)

Will Fed regs inhibit looking at labor files (FICA)
40-45% success rate in other state
15%-20% move before act on - URISA both ways

1/3 AFDC cases need establish paternity

20% - max return against AFDC payments

Fantail Graphics -22407 1st place west Bothell
Lynne (Printers) 6105 NE 194th place 486-2689
church of Redeemer
Joey Jack
Von Waengel 14630 SE 267th st, Kent 98031
631-1506
Bill + Ellen Coze - 842-7271

NOTES ON CHILD SUPPORT ENFORCEMENT

Judy Brakel Feb. 28, 1980
phone 586-6561 or 586-3456

Alaska law says that the Child Support Enforcement Agency (CSEA) will serve both families on welfare (AFDC) and families not on welfare. When federal funding was cut out in 1979 for non-AFDC cases, the Alaska agency ceased enforcement activities on those cases, in violation of Alaska law.

At present the Alaska CSEA is not benefiting any family in Alaska except through the operation of a bluff. When CSEA collects child support for families on welfare, the state & federal govts. keep the money to reimburse welfare costs. Some of the agency's clients who are not on AFDC are still benefiting from the "bluff" that exists because enforcement for those cases was a reality for a while and there has been no publicity about the fact that enforcement is no longer available.

Needed immediately:

- (1) a supplemental appropriation for FY 1980
- (2) a regular appropriation for FY 1981, which could be written to come into effect only if federal funding, now contained in HR3434 (sitting in free conference committee since November) is not passed. Last year a federal funding bill was expected to pass and did not. The same may happen this year.

The Alaska Dept. of Revenue has suggested \$260,000 for FY 1981 to take care of the federal shortfall, but the administration did not put it in their budget. This is extremely shortsighted (aside from being inhumane). Three years of effort by CSEA to make "believers" out of the people who owe support money will be lost soon and the agency will have to start from scratch again if the program is ever refunded. The lack of child support is also a pivotal factor which drives families onto welfare and other types of aid.

Question: should the agency get additional funding, over and above making up the Federal shortfall, so that this program can be made truly effective? During the early part of 1979, while federal funding was still in effect, only 44 % of the families on CSEA's caseload were receiving any child support at all, and only 18% of the families showed full support payments with no arrears. The total arrears on CSEA's caseload of 5,966 families was \$17,000,000.

A new orientation is needed: non-payment of child support needs to be regarded as seriously as non-payment of income taxes. Let's get our priorities straight!

Some possibilities for improving enforcement:

- (1) Simplifying wage garnishment procedures for CSEA only
- (2) Charging interest on arrears
- (3) Intercepting state income tax refunds. Oregon presently does this by matching Soc. Sec. numbers. Get this into effect before proposed new income tax rebates go into effect.
- (4) When numerous attempts at collection are required, the penalties should become more serious.

(5) Penalties for deliberate avoidance of work to escape payment.

Some of these options have been tried by other states. Other measures are also being tried.

Problems caused by inflation:

To begin with the support settlement is usually less than 1/2 of what it costs to raise a child. Current inflation can then reduce the value of the settlement amount by 50% in 4 years. Going through the courts to get the settlement raised is an expensive (\$1,000 to \$3,000) process whose cost is usually born by the mother. She has to wait several years between filing each adjustment and many months for the court to act on it. The payor is usually antagonized in the process, which may have repercussions on child visitation and custody problems.

If every single parent in Alaska who should be going to court to get their settlement modified due to inflation were actually to do so the courts would be flooded. Court calendars are already over-full.

Needed: legislation which would enable CSEA to make an administrative modification of the support level on the basis of inflation even when there is a court order on the books. Appeal to the courts from the administrative decision would be possible.

This could be done annually for all the cases administered by CSEA. The agency presently has legal authority to do this for those cases that originated with CSEA's own administrative determination of a support obligation. But for the majority of cases, since a court order originally determined the support settlement, CSEA needs new legal authority to allow it to do an administrative modification on the basis of cost of living increases without going back to court. The laws of 10 states now provide such authority -- Washington, Utah and Virginia are examples.

Recognizing that all parties are probably losing real spendable income as a result of inflation, the child support increases could be set to lag behind the CPI or be based upon some other Bureau of Labor Statistics index, such as the index that relates to wages.

Adjustment
only 12 1/2 %
inflation!

POSITION PAPER/Department of Health & Social Services

POSITION PAPER

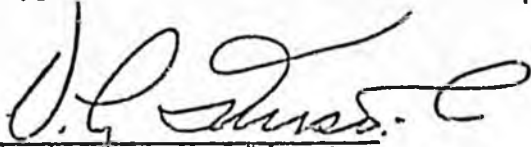
HOUSE BILL NO. 869


"An Act relating to claims of the state; and providing for an effective date."

The passage of House Bill No. 869 would be of significant benefit to the Department of Health and Social Services.

Present debts owed Department of Health and Social Services are chiefly the result of assistance programs for which comprehensive, federally mandated remedies exist.

This bill would relieve the DHSS of collection responsibility and place it in an organized collection system. This should be more efficient and cost effective statewide. We recommend support of House Bill No. 869.

Recommended By:  Date: 3/11/80
V. L. Iverson, Director
Division of Administrative Services

Approved By:  Date: 3/24/80
Commissioner
Department of Health and
Social Services

Zero Fiscal Note

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 11, 1981

SUBJECT: State student loans in bankruptcy proceedings
(Work Order Number 12-1064)

TO: Senator Patrick M. Rodey, Chairman
Senate Judiciary Committee

FROM: Linn H. Asper
Legislative Counsel

You have asked whether the state can exempt state student loans from federal bankruptcy laws so that these debts will not be discharged. It appears that no state legislation is necessary, because the Bankruptcy Reform Act of 1978 provides that a debt cannot be discharged in bankruptcy proceedings if the debt is:

"(8) for an educational loan made, insured, or guaranteed by a governmental unit, or made under any program funded in whole or in part by a governmental unit or a non-profit institution of higher education, unless

"(A) such loan first became due before five years (exclusive of any applicable suspension of the repayment period) before the date of the filing of the petition; or

"(B) excepting such debt from discharge under this paragraph will impose an undue hardship on the debtor and the debtor's dependents;"

11 U.S.C. 523(a)(8).

"Governmental unit" is defined in the bankruptcy act as

United States; State; Commonwealth; District; Territory; municipality; foreign state; department, agency, instrumentality of the United States, a State, a Commonwealth,

Senator Patrick M. Rodey
Page 2
March 11, 1981

a District, a Territory, a municipality, or a foreign state; or other foreign or domestic government;

11 U.S.C 101(21).

In summary, a debt for a state student loan is not dischargeable in bankruptcy proceedings except under the two circumstances set out in 11 U.S.C. 523 (a)(8)(A) and (B). The federal bankruptcy law controls this question and it is not possible for the state to go further than the bankruptcy act to limit the exceptions to the non-discharge rule stated above. (See also, 3 Colliers on Bankruptcy, Sec. 523-18 and 9A Am Jur2d, Bankruptcy, Sec. 807.)

LHA:ljb