

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 3163

To improve the ability of the United States Government to collect debts owed to it, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 28, 1993

Mr. PALLONE (for himself, Mr. GORDON, Mr. DEAL, Mr. CANADY, Mr. HUGHES, and Mr. PORTER) introduced the following bill; which was referred jointly to the Committees on Ways and Means and the Judiciary

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## A BILL

To improve the ability of the United States Government to collect debts owed to it, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Debt Collection Act  
5 Amendments of 1993”.

6 **SEC. 2. IMPROVED DEBT COLLECTION PRACTICES.**

7 (a) USE OF COLLECTION AGENCIES.—Section  
8 3718(a) of title 31, United States Code, is amended by  
9 striking “Under conditions” and all that follows through

1 “make” and inserting “The head of an executive or legis-  
2 lative agency shall make”.

3 (b) SALARY OFFSET.—Subsection (a)(1) of section  
4 5514 of title 5, United States Code, is amended by strik-  
5 ing “may be collected” and inserting “shall be collected”.

6 (c) DISCLOSURE TO CONSUMER REPORTING AGEN-  
7 CIES.—Subsection (f)(1) of section 3711 of title 31, Unit-  
8 ed States Code, is amended by striking “may disclose”  
9 and inserting “shall disclose”.

10 (d) ADMINISTRATIVE OFFSETS.—Subsection (a) of  
11 section 3716 of title 31, United States Code, is amended  
12 by striking “may” the first place it appears and inserting  
13 “shall”.

14 (e) REPORT TO THE INTERNAL REVENUE SERVICE  
15 OF DEBTS PAID IN FULL.—Subchapter II of chapter 37  
16 of title 31, United States Code, is amended by adding at  
17 the end the following new section:

18 **“§ 3720B. Report to the Internal Revenue Service of**

19 **Debts Paid in Full**

20 “The head of a Federal agency shall report any debt  
21 that has been paid in full to the Internal Revenue Service  
22 promptly after the agency has determined that the debt  
23 has been paid in full.”.

24 (f) DISCLOSURE BY INTERNAL REVENUE SERVICE  
25 OF ADDRESS INFORMATION.—Section 6103(m)(2)(A) of

1 the Internal Revenue Code of 1986 is amended by insert-  
2 ing before the period “, or any other law granting a Fed-  
3 eral agency the authority to collect or compromise a Fed-  
4 eral claim against the taxpayer.”.

5 (g) AUDITS AND REPORT OF AUDIT.—

6 (1) AUDITS OF FEDERAL AGENCIES.—The  
7 Comptroller General of the United States shall an-  
8 nually conduct audits of each Federal agency to de-  
9 termine—

10 (A) the amount of debt owed to the agen-  
11 cy;

12 (B) the amount of debt owed to the agency  
13 that is delinquent; and

14 (C) any action taken by the agency to re-  
15 cover the delinquent debt.

16 (2) REPORTS TO CONGRESS.—The Comptroller  
17 General shall submit annually to the Congress a re-  
18 port containing the information obtained through  
19 the audits prepared pursuant to paragraph (1).

20 (h) EXTENSION OF PILOT DEBT COLLECTION  
21 PROJECT.—

22 (1) EXTENSION OF PILOT PROJECT.—Section 5  
23 of Public Law 99–578 (31 U.S.C. 3718 note) is re-  
24 pealed.

1           (2) ADDITIONAL REPORTING REQUIREMENTS.—  
2           Section 3718(c) of title 31, United States Code, is  
3           amended—

4                   (A) in paragraph (2), by striking “and” at  
5           the end thereof; and

6                   (B) in paragraph (3)—

7                           (i) in subparagraph (C), by striking  
8           the period and adding at the end “; and”;  
9           and

10                           (ii) by adding after subparagraph (C)  
11           the following new subparagraph:

12                                   “(D) the total cost of the pilot program es-  
13           tablished by Public Law 99–578 (100 Stat.  
14           3305) as well as the total amount of debt recov-  
15           ered under that pilot program.”.

16           (3) USE OF RECOVERED FUNDS TO REDUCE  
17           BUDGET DEFICIT.—Section 3718 of title 31, United  
18           States Code, is amended by adding at the end the  
19           following new subsection:

20                   “(g) Except as provided by subsection (d), any  
21           amount recovered through a contract entered into under  
22           subsection (b) shall be used to reduce the budget deficit  
23           of the United States.”.

24           Notwithstanding the preceding sentence, a percent-  
25           age (which is hereafter specified by law) of the

1 amount recovered through such a contract shall be  
2 paid to the agency on whose behalf such amount was  
3 recovered for use by such agency in collecting in-  
4 debtedness owed to such agency.

5 **SEC. 3. IMPROVED LOAN ORIGINATION PROCEDURES.**

6 (a) IMPROVED PRESCREENING PROCEDURES.—

7 (1) Chapter 97 of title 31, United States Code,  
8 is amended by adding at the end the following new  
9 section:

10 **“§ 9704. Improved prescreening procedures**

11 “The head of a Federal agency may not make a loan  
12 to a loan applicant until the applicant has been  
13 prescreened to determine if the applicant is creditworthy.  
14 The determination of creditworthiness shall include an  
15 evaluation of the ability and willingness of the applicant  
16 to repay the debt, the agency’s level of acceptable risk,  
17 other agency or Federal Government obligations that  
18 could jeopardize or be jeopardized by the loan under con-  
19 sideration, and the existence of other debts owed by the  
20 loan applicant to the Federal Government, including a tax  
21 delinquent account with the Internal Revenue Service.”.

22 (2) Section 6103(m)(2)(A) of the Internal Rev-  
23 enue Code of 1986 is amended by striking “the Sec-  
24 retary may” and inserting “the Secretary shall”.

1 (b) DENIAL OF CREDIT TO APPLICANTS WITH DE-  
2 LINQUENT DEBTS.—Chapter 97 of title 31, United States  
3 Code, as amended by subsection (a), is further amended  
4 by adding at the end the following new section:

5 **“§9705. Denial of credit to applicants with delin-**  
6 **quent debts**

7 “The head of a Federal agency may not make a loan  
8 to a loan applicant who owes a delinquent debt to the Fed-  
9 eral Government, including the Internal Revenue Serv-  
10 ice.”.

11 **SEC. 4. USE OF ADMINISTRATIVE CHARGES TO IMPROVE**  
12 **CREDIT MANAGEMENT TECHNIQUES.**

13 Section 3717 of title 31, United States Code, is  
14 amended by adding at the end the following new sub-  
15 section:

16 “(i) The Secretary shall deposit in a special fund any  
17 amounts received by a Federal agency to cover the cost  
18 of processing and handling delinquent claims under sub-  
19 section (e). The Secretary shall, without further appro-  
20 priation and upon request by the agency, disburse money  
21 from such fund to the agency solely for the use of improv-  
22 ing credit management techniques, except that the access  
23 of each agency to funds in the special account shall be  
24 limited to the amount that the agency received to cover

1 the cost of processing and handling delinquent claims  
2 under subsection (e).”.

3 **SEC. 5. TECHNICAL AMENDMENTS.**

4 (a) CHAPTER 37 AMENDMENTS.—The table of sec-  
5 tions at the beginning of chapter 37 of title 31, United  
6 States Code, is amended by inserting after the item relat-  
7 ing to section 3720A the following new item:

“3720B. Report to the Internal Revenue Service of debts paid in full.”.

8 (b) CHAPTER 97 AMENDMENTS.—The table of sec-  
9 tions at the beginning of chapter 97 of title 31, United  
10 States Code, is amended by adding at the end the follow-  
11 ing new items:

“9704. Improved prescreening procedures.

“9705. Denial of credit to applicants with delinquent debts.”.

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