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## DIGEST

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HB 626 Original

2016 Regular Session

Jackson

**Abstract:** Authorizes the office of motor vehicles to enter into installment agreements with persons for payment of outstanding fees, penalties, and fines owed to the office of motor vehicles.

### INSTALLMENT AGREEMENTS

Present law authorizes the Dept. of Public Safety and Corrections, office of motor vehicles, to collect certain fees, penalties, and fines.

Present law does not authorize or prohibit the office of motor vehicles from accepting partial payments on these outstanding amounts.

Proposed law requires, on or before Sept. 1, 2016, the office of motor vehicles to enter into installment agreements with eligible persons to pay outstanding fines, penalties, and fees owed to the office of motor vehicles.

Proposed law prohibits an installment agreement from being used to pay sales or use taxes or related penalties and interest, vehicle registration license tax, or titling fees when submitting a transaction to title or register a motor vehicle. Specifies that if the office of motor vehicles has previously sent a notice to the individual that the payment made on a motor vehicle title or registration transaction was dishonored by the bank processing the transaction, the office of motor vehicles may accept an installment agreement to collect that dishonored payment in addition to any fees, penalties, or interest that may be added to the total due to the dishonored payment.

Proposed law requires all notices provided by the office of motor vehicles notifying a person of outstanding fines, penalties, or fees to inform persons that they may be eligible to pay the outstanding amount due by installment agreement and to inquire with the office of motor vehicles to determine eligibility and requirements.

Proposed law requires that the office of motor vehicles develop an official form to be utilized for installment agreements and provides that an installment agreement with the office of motor vehicles which does not utilize this form will not be valid.

Proposed law provides that a person shall be eligible to enter into an installment agreement with the office of motor vehicles if all conditions of reinstatement other than payment of the outstanding fines, penalties, or fees and that the request to enter into an installment agreement is timely made.

Proposed law provides that a debtor who owes the office of motor vehicles \$500 or more in

outstanding fines, penalties, or fees, or any combination thereof, is eligible to pay such amounts by means of an installment agreement with the office of motor vehicles should the following conditions be met:

- (1) All conditions of reinstatement other than payment of outstanding fines, penalties, and fees owed to the office of motor vehicles have be satisfied.
- (2) A request for an installment agreement is made within the time provided for in the notice from the office of motor vehicles informing the debtor of the outstanding fines, penalties, and fees owed to the office of motor vehicles.

Proposed law requires that any installment agreement entered into by the office of motor vehicles and a debtor be in writing and signed by both parties.

### **INSTALLMENT AGREEMENT TERMS**

Proposed law provides that the terms of an installment agreement between the office of motor vehicles and a debtor shall provide for the following:

- (1) A requirement that 30% of outstanding fines, penalties, and fees due be paid upon execution of the agreement and allow the debtor to pay the remaining outstanding fines, penalties, and fees owed in at least four installments.
- (2) The debtor to prepay sums due pursuant to the installment agreement in full at any time without penalty.

Proposed law requires all payments made pursuant to an installment agreement shall be paid by check, bank draft, post office money order, express money order, electronic funds transfer, or credit or debit cards. Requires that credit card and debit card payments shall be assessed a convenience fee as provided in present law (R.S. 49:316.1).

Proposed law specifies that each time a debtor makes a payment pursuant to an installment agreement he must be issued a receipt indicating the amount paid and the amount outstanding pursuant to the installment agreement.

Proposed law specifies that if any installment payment is not paid on or before the date fixed for its payment, the entire amount unpaid pursuant to the installment agreement must be paid by the debtor within 30 days upon notice and demand from the secretary.

Proposed law further specifies that if no request for reinstatement of an installment agreement is made following demand from the secretary to pay the entire amount unpaid of or the secretary rejects a request to reinstate an installment agreement to pay entire amount unpaid of debt associated with the suspension of an operator's license for failure to appear before a court subject to a written promise to appear or failure to abide by certain insurance requirements, the debt shall be final delinquent debt, as those terms are defined in present law, and referred to the Department of

Revenue, office of debt recovery, for collection subject to the maximum amount owed, with a credit provided for amounts paid pursuant to the installment agreement entered into pursuant to proposed law, together with the additional fee collected by the office of debt recovery.

### **REINSTATEMENT OF DRIVING PRIVILEGES UPON EXECUTION OF INSTALLMENT AGREEMENT**

Present law requires the office of motor vehicles to revoke or suspend a person's driver's license or motor vehicle registration privileges when certain fees, penalties, and fines for failure to abide by certain highway regulatory laws or regulations, driver's license laws or regulations, motor vehicle compulsory security laws or regulations are not satisfied within the time period allowed by law or regulation.

Proposed law requires that a debtor's Class "E" driving privileges and motor vehicle or truck registration privileges be reinstated when an installment agreement is executed by the debtor and the office of motor vehicles. Requires all blocks on the debtor's license record shall be removed at that time. Authorizes the office of motor vehicles to include the applicable fee for reinstatement of driving privileges in the total to be owed pursuant to an installment agreement entered into pursuant to proposed law.

Proposed law provides that if an installment payment is missed and no request for reinstatement of an installment agreement is made following demand from the secretary or the secretary rejects a request to reinstate an installment agreement, the debtor's driving privileges and motor vehicle or truck registration privileges shall be suspended. Present law (R.S. 32:414) shall apply with regards to judicial review of the suspension and reinstatement of the suspension.

### **MONIES COLLECTED PURSUANT TO INSTALLMENT AGREEMENTS OWED TO OTHER ENTITIES**

Proposed law requires the office of motor vehicles to distribute monies owed to other entities from payment of outstanding fines, penalties, and fees owed to the office of motor vehicles and received pursuant to an installment agreement within 30 days of receipt of the final payment pursuant to the installment agreement or within 30 days of the termination of an installment plan for nonpayment.

## **INSTALLMENT AGREEMENTS AND DEBTS WHICH ARE AUTHORIZED BY LAW TO BE REFERRED TO THE OFFICE OF DEBT RECOVERY**

Present law provides that fees associated with the suspension of an operator's license for failure to honor a written promise to appear before a court (R.S. 32:57.1) and failure to abide by certain automobile insurance requirements (R.S. 32:863 and 863.1) are defined as "debt".

Present law defines "delinquent debt" as a debt that is 60 days or more past due.

Proposed law modifies present law and defines "delinquent debt" as a debt that is 60 days or more past due and for which the debtor has not entered into an installment agreement with the office of motor vehicles to pay.

Present law defines "final" as the amount due is no longer negotiable and that the debtor has no further right of administrative and judicial review.

Proposed law provides that an amount due shall not be "final" during the term of an installment agreement between the office of motor vehicles and the debtor.

Present law requires the office of motor vehicles to refer all "final delinquent debt" as those terms are defined in present law to the office of debt recovery for collection.

Present law requires the office of motor vehicles, prior to referral to the office of debt recovery, to notify a debtor in writing that failure to pay final delinquent debt in full within 60 days will subject the debt to the maximum amount owed together with an additional fee collected by the office of debt recovery.

Proposed law permits a debtor to pay such "final delinquent debt" pursuant to an installment agreement prior to the debt being referred to the office of debt recovery.

Proposed law provides that if the debtor fails to request reinstatement of an installment agreement following a missed installment payment and demand from the secretary to pay the entire amount unpaid of debt as defined in present law or the secretary rejects a request to reinstate an installment agreement to pay entire amount unpaid of debt as defined in present law, the debt shall be final delinquent debt as defined in present law and referred to the Dept. of Revenue, office of debt recovery, for collection and be subject to the maximum amount owed, with a credit provided for amounts paid pursuant to the installment agreement entered into pursuant to proposed law, together with the additional fee collected by the office of debt recovery.

### **EFFECTIVE DATES**

Proposed law provides that the effective date for the authorization for the office of motor vehicles to enter into installment agreements is upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. Specifies that if vetoed by the

governor and subsequently approved by the legislature, the authorization will be effective on the day following such approval.

Proposed law provides that changes to laws pertaining to debt which may be referred to the office of debt recovery for collection shall become effective on such date as the office of motor vehicles begins entering into installment agreements as authorized by proposed law.

(Amends R.S. 32:8(A)(2) and (3) and (B), 57.1(C), 863(A)(3)(a), and 863.1(C)(1)(b); Adds R.S. 32:9)