

Public Law 104-134

Debt Collection Improvement Act of 1996 (Public Law 104-134)

Updated April 30, 1999

The President has signed into law historic legislation having a major impact on the way the Federal Government makes payments and collects its debts. Within the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134) is the Debt Collection Improvement Act of 1996. The legislation provides an excellent opportunity for the Federal Government to move toward its goal of increased electronic commerce and improved cash and debt collection management. It is our intent to expeditiously implement the law to fulfill the Congressional mandate.

The Act will enhance debt collection Government-wide, as well as mandate the use of electronic funds transfer (EFT) for Federal payments, allow Federal Reserve Bank Treasury Check Offset, and provide funding for the Check Forgery Insurance Fund.

This law provides that any non-tax debt or claim owed to the United States that has been delinquent for a period of 180 days shall be turned over to the Secretary of the Treasury for appropriate action to collect or terminate collection actions on the debt or claim. Debt that is in litigation or foreclosure; with a collection agency or designated Federal debt collection center; or will be disposed of under an asset sales program, is exempt from transfer to the Secretary.

The Debt Collection Improvement Act of 1996 has seven purposes:

1. To maximize collections of delinquent debts owed to the Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools.
2. To minimize the costs of debt collection by consolidating related functions and activities and utilizing inter-agency teams.
3. To reduce losses arising from debt management activities by requiring proper screening of potential borrowers, aggressive monitoring of all accounts, and sharing of information within and among Federal agencies.
4. To ensure that the public is fully informed of the Federal Government's debt collection policies and that debtors are cognizant of their obligations to repay amounts owed to the Federal Government.
5. To ensure that debtors have all appropriate due process rights, including the ability to verify, challenge, and compromise claims, and access to administrative appeals procedures which are both reasonable and protect the interests of the United States.
6. To encourage agencies, when appropriate, to sell delinquent debt, particularly debts with underlying collateral.

7. To rely on the experience and expertise of private sector professionals to provide debt collection services to Federal agencies.

Following are the key provisions of the Act:

- Enhanced Administrative Offset Authority
- Enhanced Salary Offset Authority
- Access to Taxpayer Identifying Numbers
- General Extension of the Debt Collection Act of 1982 Authorities
- Barring Delinquent Debtors from Obtaining Federal Credit
- Credit Reporting
- Government-wide Cross-Servicing
- Gainsharing
- Tax Refund Offset
- Contracting with Private Attorneys
- Wage Garnishment
- Debt Sales by Agencies