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Lois K. Holland,

Departmental Reports Management Officer.
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DEPARTMENT OF THE TREASURY

Financial Management Service

Privacy Act of 1974, As Amended; System of Records

AGENCY: Financial Management Service, Treasury.

ACTION: Notice of alteration of Privacy Act system of records.

SUMMARY: The Department of the Treasury, Financial Management Service (FMS), gives notice of a proposed alteration to the system of records entitled "Debt Collection Operations System-Treasury/FMS .014," which is subject to the Privacy Act of 1974, as amended (5 U.S.C. 552a). The system notice was last published in its entirety in the **Federal Register** Vol. 63, page 69840 on December 17, 1998.

DATES: Comments must be received no later than October 19, 2000. The proposed system of records will be effective October 30, 2000 unless FMS receives comments which would result in a contrary determination.

ADDRESSES: Comments must be submitted to the Debt Management Services, Financial Management Service, 401 14th Street, SW., Room 448B, Washington, DC 20227. Comments received will be available for inspection at the same address between the hours of 9 a.m. and 4 p.m. Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Gerry Isenberg, Financial Management Service, Debt Management Services, (202) 874-7131.

SUPPLEMENTARY INFORMATION: The Financial Management Service (FMS) operates several programs to facilitate collection or resolution of debts owed to the Federal Government and states, including past due support being enforced by states. These programs are the Treasury Offset Program, which collects debts by offsetting or levying against Federal payments, and FMS' cross-servicing program, wherein

Federal agencies refer their debts to FMS for a broad range of debt collection actions. In the operation of these debt collection programs, FMS maintains records on individuals who owe debts to the Federal Government and states, and such records are maintained in its "Debt Collection Operations System" system of records.

FMS is altering this system of records to: (1) Clarify the system location by listing its Hyattsville, Maryland and Homewood, Alabama offices as locations where records in the system are maintained; (2) include individuals who owe unpaid Federal taxes as individuals covered by the system; (3) indicate that the categories of records in the system may vary depending on the debt collection tools utilized by FMS to collect the debt; (4) incorporate as authorities for maintenance of the system the Taxpayer Relief Act of 1997 (Pub. L. 105-34), Internal Revenue Service Restructuring and Reform Act of 1998 (Pub. L. 105-206), 26 U.S.C. 6402, and 26 U.S.C. 6331, which authorize the offset of Federal tax refund payments to collect delinquent state tax debts and the collection of Federal tax debts through the continuous levying of non-tax payments; (5) modify the retention and disposal of records to include electronic records and to correctly reference National Archives and Records Administration (NARA) regulations, Treasury directives and FMS' comprehensive record schedules; and (6) correct the name of the system manager to "Debt Management Services."

In addition, FMS has significantly altered its routine uses.

The language and format of the routine uses have been changed so that the categories of users and the purposes of the disclosures from this system are clearer and more understandable to the public. Also, FMS has made specific substantive changes to the routine uses to: (1) Clearly indicate that disclosures for collection of the debt may be as a result of any authorized debt collection method, and is not limited to collection authorities listed in the Debt Collection Improvement Act of 1996 (DCIA); (2) include specific language concerning disclosure for the purposes of developing, enhancing, and testing computerized systems which facilitate debt collection processes; (3) include specific language covering disclosures to joint payees on Federal payments subject to offset so that the joint payee may assert any rights he or she may have in the payment; (4) revise routine use (2); and (5) delete a routine use regarding disclosures to the Internal Revenue Service because such

disclosures are already statutorily authorized as disclosures to officers and employees of the agency (Treasury) pursuant to 5 U.S.C. 552a(b)(1).

For the reasons set forth above, FMS proposes to alter system of records, "Treasury/FMS .014—Debt Collection Operations System—Treasury/Financial Management Service." The revised notice is being published in its entirety below.

Dated: September 12, 2000.

W. Earl Wright, Jr.,

Chief Management and Administrative Programs Officer.

Treasury/FMS .014

SYSTEM NAME:

Debt Collection Operations System—Treasury/Financial Management Service.

SYSTEM LOCATION:

Records are located in the offices of and with the Debt Management Services staff of the Financial Management Service, U.S. Department of the Treasury at the following locations: Liberty Center Building (Headquarters), 401 14th Street, SW., Washington, DC 20227; Prince George's Plaza, 3700 East-West Highway, Hyattsville, Maryland, 20782; and the Birmingham Debt Management Operations Center, 190 Vulcan Road, Homewood, Alabama, 35209.

CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:

Individuals who owe debts to:
(a) The United States, through one or more of its departments and agencies; and/or

(b) States, territories and commonwealths of the United States, and the District of Columbia (hereinafter collectively referred to as "states").

CATEGORIES OF RECORDS IN THE SYSTEM:

Debt records containing information about the debtor(s), the type of debt, the governmental entity to which the debt is owed, and the debt collection tools utilized to collect the debt. The records may contain identifying information, such as name(s) and taxpayer identifying number (i.e., social security number or employer identification number); debtor contact information, such as work and home address, and work and home telephone numbers; and name of employer and employer address. Debts include unpaid taxes, loans, assessments, fines, fees, penalties, overpayments, advances, extensions of credit from sales of goods or services, and other amounts of money or property owed to, or collected by, the Federal Government or a state, including past

due support which is being enforced by a state.

The records also may contain information about: (a) The debt, such as the original amount of the debt, the debt account number, the date the debt originated, the amount of the delinquency or default, the date of delinquency or default, basis for the debt, amounts accrued for interest, penalties, and administrative costs, and payments on the account;

(b) Actions taken to collect or resolve the debt, such as copies of demand letters or invoices, documents or information required for the referral of accounts to collection agencies or for litigation, and collectors' notes regarding telephone or other communications related to the collection or resolution of the debt; and

(c) The referring or governmental agency that is collecting or owed the debt, such as name, telephone number, and address of the agency contact.

AUTHORITY FOR MAINTENANCE OF THE SYSTEM:

Federal Claims Collection Act of 1966 (Pub L. 89-508), as amended by the Debt Collection Act of 1982 (Pub L. 97-365, as amended); Deficit Reduction Act of 1984 (Pub L. 98-369, as amended); Debt Collection Improvement Act of 1996 (Pub. L. 104-134, sec. 31001); Taxpayer Relief Act of 1997 (Pub. L. 105-34); Internal Revenue Service Restructuring and Reform Act of 1998 (Pub. L. 105-206); 26 U.S.C. 6402; 26 U.S.C. 6331; 31 U.S.C. Chapter 37 (Claims), Subchapter I (General) and Subchapter II (Claims of the U.S. Government).

PURPOSE(S):

The purpose of this system is to maintain records about individuals who owe debt(s) to the United States, through one or more of its departments and agencies, and/or to states, including past due support enforced by states. The information contained in the records is maintained for the purpose of taking action to facilitate the collection and resolution of the debt(s) using various collection methods, including, but not limited to, requesting repayment of the debt by telephone or in writing, offset, levy, administrative wage garnishment, referral to collection agencies or for litigation, and other collection or resolution methods authorized or required by law. The information also is maintained for the purpose of providing collection information about the debt to the agency collecting the debt, to provide statistical information on debt collection operations, and for the purpose of testing and developing

enhancements to the computer systems which contain the records.

ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES:

These records may be used to disclose information to:

(1) Appropriate Federal, state, local or foreign agencies responsible for investigating or implementing, a statute, rule, regulation, order, or license;

(2) A court, magistrate, or administrative tribunal in the course of presenting evidence, including disclosures to opposing counsel or witnesses in the course of civil discovery, litigation, or settlement negotiations, in response to a subpoena where relevant or potentially relevant to a proceeding, or in connection with criminal law proceedings;

(3) A congressional office in response to an inquiry made at the request of the individual to whom the record pertains;

(4) Any Federal agency, state or local agency, U.S. territory or commonwealth, or the District of Columbia, or their agents or contractors, including private collection agencies (consumer and commercial);

a. To facilitate the collection of debts through the use of any combination of various debt collection methods required or authorized by law, including, but not limited to:

(i) Request for repayment by telephone or in writing;

(ii) Negotiation of voluntary repayment or compromise agreements;

(iii) Offset of Federal payments, which may include the disclosure of information contained in the records for the purpose of providing the debtor with appropriate pre-offset notice and to otherwise comply with offset prerequisites, to facilitate voluntary repayment in lieu of offset, and to otherwise effectuate the offset process;

(iv) Referral of debts to private collection agencies, to Treasury-designated debt collection centers, or for litigation;

(v) Administrative and court-ordered wage garnishment;

(vi) Debt sales;

(vii) Publication of names and identities of delinquent debtors in the media or other appropriate places; and

(viii) Any other debt collection method authorized by law;

b. To conduct computerized comparisons to locate Federal payments to be made to debtors;

c. To conduct computerized comparisons to locate employers of, or obtain taxpayer identifying numbers or other information about, an individual for debt collection purposes;

d. To collect a debt owed to the United States through the offset of payments made by states, territories, commonwealths, or the District of Columbia;

e. To account or report on the status of debts for which such entity has a financial or other legitimate need for the information in the performance of official duties;

f. For the purpose of denying Federal financial assistance in the form of a loan or loan guaranty to an individual who owes delinquent debt to the United States or who owes delinquent child support that has been referred to FMS for collection by administrative offset;

g. To develop, enhance and/or test database, matching, communications, or other computerized systems which facilitate debt collection processes; or

h. For any other appropriate debt collection purpose.

(5) The Department of Defense, the U.S. Postal Service, or other Federal agency for the purpose of conducting an authorized computer matching program in compliance with the Privacy Act of 1974, as amended, to identify and locate individuals receiving Federal payments (including, but not limited to, salaries, wages, and benefits), which may include the disclosure of information contained in the records for the purpose of requesting voluntary repayment or implementing Federal employee salary offset or other offset procedures;

(6) The Department of Justice for the purpose of litigation to enforce collection of a delinquent debt or to obtain the Department of Justice's concurrence in a decision to compromise, suspend, or terminate collection action on a debt;

(7) Any individual or other entity who receives Federal payments as a joint payee with a debtor for the purpose of providing notice of, and information about, offsets from such Federal payments; and

(8) Any individual or entity:

a. To facilitate the collection of debts through the use of any combination of various debt collection methods required or authorized by law, including, but not limited to:

(i) Administrative and court-ordered wage garnishment;

(ii) Report information to commercial credit bureaus;

(iii) Conduct asset searches;

(iv) Publish names and identities of delinquent debtors in the media or other appropriate places; or

(v) Debt sales;

b. For the purpose of denying Federal financial assistance in the form of a loan or loan guaranty to an individual who owes delinquent debt to the United

States or who owes delinquent child support that has been referred to FMS for collection by administrative offset; or

c. For any other appropriate debt collection purpose.

DISCLOSURE TO CONSUMER REPORTING AGENCIES:

Debt information concerning a government claim against a debtor is also furnished, in accordance with 5 U.S.C. 552a(b)(12) and 31 U.S.C. 3711(e), to consumer reporting agencies, as defined by the Fair Credit Reporting Act, 5 U.S.C. 1681(f), to encourage repayment of an overdue debt.

POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING, RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:

STORAGE:

Records are maintained in computer processible storage media, such as computer hard drives, magnetic disc, tape; in file folders; and on paper lists and forms.

RETRIEVABILITY:

Records are retrieved by various combinations of name, taxpayer identifying number (i.e., social security number or employer identification number), or debt account number.

SAFEGUARDS:

All officials access the system of records on a need-to-know basis only, as authorized by the system manager. Procedural and physical safeguards are utilized, such as accountability, receipt

records, and specialized communications security. Access to computerized records is limited, through use of access codes, entry logs, and other internal mechanisms, to those whose official duties require access. Hard-copy records are held in steel cabinets, with access limited by visual controls and/or lock system. During normal working hours, files are attended by responsible officials; files are locked up during non-working hours. The building is patrolled by uniformed security guards.

RETENTION AND DISPOSAL:

Hard-copy records and electronic records shall be retained and disposed of in accordance with National Archives and Records Administration regulations (36 CFR Subchapter B—Records Retention); Treasury directives and FMS comprehensive records schedules.

SYSTEM MANAGER(S) AND ADDRESS:

System Manager, Debt Management Services, Financial Management Service, 401 14th Street, SW., Washington, DC 20227.

NOTIFICATION PROCEDURE:

Inquiries under the Privacy Act of 1974, as amended, shall be addressed to the Disclosure Officer, Financial Management Service, 401 14th Street, SW., Washington, DC 20227. All individuals making inquiries should provide with their request as much descriptive matter as is possible to identify the particular record desired. The system manager will advise as to

whether FMS maintains the records requested by the individual.

RECORD ACCESS PROCEDURES:

Individuals requesting information under the Privacy Act of 1974, as amended, concerning procedures for gaining access or contesting records should write to the Disclosure Officer. All individuals are urged to examine the rules of the U.S. Department of the Treasury published in 31 CFR part 1, subpart C, and appendix G, concerning requirements of this Department with respect to the Privacy Act of 1974, as amended.

CONTESTING RECORD PROCEDURES:

See "Record access procedures" above.

RECORD SOURCE CATEGORIES:

Information in this system is provided by the individual on whom the record is maintained, Federal and state agencies to which the debt is owed, Federal employing agencies and other entities that employ the individual, Federal and state agencies issuing payments, collection agencies, locator and asset search companies, credit bureaus, Federal, state or local agencies furnishing identifying information and/or address of debtor information, or from public documents.

EXEMPTIONS CLAIMED FOR THE SYSTEM:

None.

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