

105TH CONGRESS  
2D SESSION

# H. R. 4857

To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 20, 1998

Mr. HORN (for himself, Mr. WAXMAN, Mr. SESSIONS, Mr. SUNUNU, and Mr. KANJORSKI) introduced the following bill; which was referred to the Committee on Government Reform and Oversight, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To reduce waste, fraud, and error in Government programs by making improvements with respect to Federal management and debt collection practices, Federal payment systems, Federal benefit programs, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
 3 “Government Waste, Fraud, and Error Reduction Act of  
 4 1998”.

5 (b) TABLE OF CONTENTS.—The table of contents for  
 6 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Purposes.
- Sec. 3. Definition.
- Sec. 4. Application of Act.

TITLE I—GENERAL MANAGEMENT IMPROVEMENTS

- Sec. 101. Improving financial management.
- Sec. 102. Improving travel management.

TITLE II—IMPROVING FEDERAL DEBT COLLECTION PRACTICES

- Sec. 201. Miscellaneous technical corrections to subchapter II of chapter 37 of title 31, United States Code.
- Sec. 202. Barring delinquent Federal debtors from obtaining Federal benefits.
- Sec. 203. Collection and compromise of nontax debts and claims.

TITLE III—SALE OF DEBTS OWED TO UNITED STATES

- Sec. 301. Authority to sell debts.
- Sec. 302. Requirement to sell certain debts.

TITLE IV—TREATMENT OF HIGH VALUE DEBTS

- Sec. 401. Annual report on high value debts.
- Sec. 402. Review by Inspectors General.
- Sec. 403. Requirement to seek seizure and forfeiture of assets securing high value debt.

TITLE V—FEDERAL PAYMENTS

- Sec. 501. Promoting electronic payments.

7 **SEC. 2. PURPOSES.**

8 The purposes of this Act are the following:

- 9 (1) To reduce waste, fraud, and error in Fed-  
 10 eral benefit programs.
- 11 (2) To focus Federal agency management at-  
 12 tention on high-risk programs.

1           (3) To better collect debts owed to the United  
2       States.

3           (4) To improve Federal payment systems.

4           (5) To improve reporting on Government oper-  
5       ations.

6 **SEC. 3. DEFINITION.**

7       As used in this Act, the term “nontax debt” means  
8 any debt (within the meaning of that term as used in  
9 chapter 37 of title 31, United States Code) other than a  
10 debt under the Internal Revenue Code of 1986 or the Tar-  
11 iff Act of 1930.

12 **SEC. 4. APPLICATION OF ACT.**

13       No provision of this Act shall apply to the Depart-  
14 ment of the Treasury or the Internal Revenue Service to  
15 the extent that such provision—

16           (1) involves the administration of the internal  
17 revenue laws; or

18           (2) conflicts with the Internal Revenue Service  
19 Restructuring and Reform Act of 1998, the Internal  
20 Revenue Code of 1986, or the Tariff Act of 1930.

21                           **TITLE I—GENERAL**  
22       **MANAGEMENT IMPROVEMENTS**

23 **SEC. 101. IMPROVING FINANCIAL MANAGEMENT.**

24       (a) REPEAL.—Section 3515 of title 31, United States  
25 Code, is amended—

1 (1) in subsection (a)—

2 (A) by striking “1997” and inserting  
3 “1999”; and

4 (B) by inserting “Congress and” after  
5 “submit to”;

6 (2) by striking subsection (e); and

7 (3) by striking subsections (f), (g), and (h).

8 (b) EFFECTIVE DATES.—

9 (1) IN GENERAL.—Except as provided in para-  
10 graph (2), this section shall take effect on the date  
11 of the enactment of this Act.

12 (2) SECRETARY’S WAIVER AUTHORITY.—Sub-  
13 section (a)(1) of this section shall take effect March  
14 1, 1998.

15 **SEC. 102. IMPROVING TRAVEL MANAGEMENT.**

16 (a) LIMITED EXCLUSION FROM REQUIREMENT RE-  
17 GARDING OCCUPATION OF QUARTERS.—Section 5911(e)  
18 of title 5, United States Code, is amended by adding at  
19 the end the following new sentence: “The preceding sen-  
20 tence shall not apply with respect to lodging provided  
21 under chapter 57 of this title.”.

22 (b) USE OF TRAVEL MANAGEMENT CENTERS,  
23 AGENTS, AND ELECTRONIC PAYMENT SYSTEMS.—

24 (1) REQUIREMENT TO ENCOURAGE USE.—The  
25 head of each executive agency shall, with respect to

1 travel by employees of the agency in the perform-  
2 ance of the employment duties by the employee, re-  
3 quire, to the extent practicable, the use by such em-  
4 ployees of travel management centers, travel agents  
5 authorized for use by such employees, and electronic  
6 reservation and payment systems for the purpose of  
7 improving efficiency and economy regarding travel  
8 by employees of the agency.

9 (2) PLAN FOR IMPLEMENTATION.—(A) The Ad-  
10 ministrator of General Services shall develop a plan  
11 regarding the implementation of this subsection and  
12 shall, after consultation with the heads of executive  
13 agencies, submit to Congress a report describing  
14 such plan and the means by which such agency  
15 heads plan to ensure that employees use travel man-  
16 agement centers, travel agents, and electronic res-  
17 ervation and payment systems as required by this  
18 subsection.

19 (B) The Administrator shall submit the plan re-  
20 quired under subparagraph (A) not later than March  
21 31, 1999.

22 (c) PAYMENT OF STATE AND LOCAL TAXES ON  
23 TRAVEL EXPENSES.—

24 (1) IN GENERAL.—The Administrator of Gen-  
25 eral Services shall ensure that employees of execu-

1        tive agencies are not inappropriately charged State  
 2        and local taxes on travel expenses, including trans-  
 3        portation, lodging, automobile rental, and other mis-  
 4        cellaneous travel expenses.

5            (2) REPORT.—Not later than March 31, 1999,  
 6        the Administrator shall, after consultation with the  
 7        heads of executive agencies, submit to Congress a  
 8        report describing the steps taken, and proposed to  
 9        be taken, to carry out this subsection.

## 10    **TITLE II—IMPROVING FEDERAL** 11    **DEBT COLLECTION PRACTICES**

### 12    **SEC. 201. MISCELLANEOUS TECHNICAL CORRECTIONS TO** 13                    **SUBCHAPTER II OF CHAPTER 37 OF TITLE 31,** 14                    **UNITED STATES CODE.**

15        (a) CHILD SUPPORT ENFORCEMENT.—Section  
 16    3716(h)(3) of title 31, United States Code, is amended  
 17    to read as follows:

18            “(3) In applying this subsection with respect to  
 19        any debt owed to a State, other than past due sup-  
 20        port being enforced by the State, subsection  
 21        (c)(3)(A) shall not apply.”.

22        (b) DEBT SALES.—Section 3711 of title 31, United  
 23    States Code, is amended by striking subsection (i).

1 (c) GAINSHARING.—Section 3720C(b)(2)(D) of title  
2 31, United States Code, is amended by striking “delin-  
3 quent loans” and inserting “debts”.

4 (d) PROVISIONS RELATING TO PRIVATE COLLECTION  
5 CONTRACTORS.—

6 (1) COLLECTION BY SECRETARY OF THE  
7 TREASURY.—Section 3711(g) of title 31, United  
8 States Code, is further amended by adding at the  
9 end the following:

10 “(11) In attempting to collect under this subsection  
11 through the use of garnishment any debt owed to the  
12 United States, a private collection contractor shall not be  
13 precluded from verifying the debtor’s current employer,  
14 the location of the payroll office of the debtor’s current  
15 employer, the period the debtor has been employed by the  
16 current employer of the debtor, and the compensation re-  
17 ceived by the debtor from the current employer of the  
18 debtor.

19 “(12)(A) The Secretary of the Treasury shall provide  
20 that any contract with a private collection contractor  
21 under this subsection shall include a provision that the  
22 contractor shall be subject to penalties under the  
23 contract—

1           “(i) if the contractor fails to comply with any  
2           restrictions under applicable law regarding the col-  
3           lection activities of debt collectors; or

4           “(ii) if the contractor engages in unreasonable  
5           or abusive debt collection practices in connection  
6           with the collection of debt under the contract.

7           “(B) Notwithstanding any other provision of law, a  
8           private collection contractor under this subsection shall  
9           not be subject to any liability or contract penalties in con-  
10          nection with efforts to collect a debt pursuant to a con-  
11          tract under this subsection by reason of actions that are  
12          required by the contract or by applicable law or regula-  
13          tions.

14          “(13) In evaluating the performance of a contractor  
15          under any contract entered into under this subsection, the  
16          Secretary of the Treasury shall consider the contractor’s  
17          gross collections net of commissions (as a percentage of  
18          account amounts placed with the contractor) under the  
19          contract. The frequency of valid debtor complaints shall  
20          also be considered in the evaluation criteria.

21          “(14) In selecting contractors for performance of col-  
22          lection services, the Secretary of the Treasury shall evalu-  
23          ate bids received through a methodology that considers the  
24          bidder’s prior performance in terms of net amounts col-  
25          lected under government collection contracts of similar



1 size, if applicable. The frequency of valid debtor com-  
2 plaints shall also be considered in the evaluation criteria.”.

3 (2) COLLECTION BY PROGRAM AGENCY.—Sec-  
4 tion 3718 of title 31, United States Code, is further  
5 amended by adding at the end the following:

6 “(h) In attempting to collect under this subsection  
7 through the use of garnishment any debt owed to the  
8 United States, a private collection contractor shall not be  
9 precluded from verifying the current place of employment  
10 of the debtor, the location of the payroll office of the debt-  
11 or’s current employer, the period the debtor has been em-  
12 ployed by the current employer of the debtor, and the com-  
13 pensation received by the debtor from the current em-  
14 ployer of the debtor.

15 “(i)(1) The head of an executive, judicial, or legisla-  
16 tive agency that contracts with a private collection con-  
17 tractor to collect a debt owed to the agency, or a guaranty  
18 agency or institution of higher education that contracts  
19 with a private collection contractor to collect a debt owed  
20 under any loan program authorized under title IV of the  
21 Higher Education Act of 1965, shall include a provision  
22 in the contract that the contractor—

23 “(A) shall be subject to penalties under the con-  
24 tract if the contractor fails to comply with any re-

1        restrictions imposed under applicable law on the collec-  
2        tion activities of debt collectors; and

3            “(B) shall be subject to penalties under the  
4        contract if the contractor engages in unreasonable or  
5        abusive debt collection practices in connection with  
6        the collection of debt under the contract.

7        “(2) Notwithstanding any other provision of law, a  
8        private collection contractor under this section shall not  
9        be subject to any liability or contract penalties in connec-  
10      tion with efforts to collect a debt owed to an executive,  
11      judicial, or legislative agency, or owed under any loan pro-  
12      gram authorized under title IV of the Higher Education  
13      Act of 1965, by reason of actions required by the contract,  
14      or by applicable law or regulations.

15        “(j) In evaluating the performance of a contractor  
16      under any contract for the performance of debt collection  
17      services entered into by an executive, judicial, or legislative  
18      agency, the head of the agency shall consider the contrac-  
19      tor’s gross collections net of commissions (as a percentage  
20      of account amounts placed with the contractor) under the  
21      contract. The frequency of valid debtor complaints shall  
22      also be considered in the evaluation criteria.

23        “(k) In selecting contractors for performance of col-  
24      lection services, the head of an executive, judicial, or legis-  
25      lative agency shall evaluate bids received through a meth-

1 odology that considers the bidder’s prior performance in  
2 terms of net amounts collected under government collec-  
3 tion contracts of similar size, if applicable. The frequency  
4 of valid debtor complaints shall also be considered in the  
5 evaluation criteria.”.

6 (3) CONSTRUCTION.—None of the amendments  
7 made by this subsection shall be construed as alter-  
8 ing or superseding the provisions in section 362 of  
9 title 11, United States Code or section 6103 of the  
10 Internal Revenue Code of 1986.

11 (e) CLERICAL AMENDMENT.—Section 3720A(h) of  
12 title 31, United States Code, is amended—

13 (1) beginning in paragraph (3), by striking the  
14 close quotation marks and all that follows through  
15 the matter preceding subsection (i); and

16 (2) by adding at the end the following:

17 “For purposes of this subsection, the disbursing official  
18 for the Department of the Treasury is the Secretary of  
19 the Treasury or his or her designee.”.

20 (f) CORRECTION OF REFERENCES TO FEDERAL  
21 AGENCY.—(1) Sections 3716(c)(6) and 3720A(a), (b), (c),  
22 and (e) of title 31, United States Code, are each amended  
23 by striking “Federal agency” each place it appears and  
24 inserting “executive, judicial, or legislative agency”.

1       (2) Section 3716(h)(2)(C), of title 31, United States  
2 Code, is amended by striking “a Federal agency” and in-  
3 serting “an executive, judicial, or legislative agency”.

4       (g) CLARIFICATION OF INAPPLICABILITY OF ACT TO  
5 CERTAIN AGENCIES.—Notwithstanding any other provi-  
6 sion of law, no provision in this Act, the Debt Collection  
7 Improvement Act of 1996 (chapter 10 of title III of Public  
8 Law 104–134; 31 U.S.C. 3701 note), chapter 37 or sub-  
9 chapter II of chapter 33 of title 31, United States Code,  
10 or any amendments made by such Acts or any regulations  
11 issued thereunder, shall apply to activities carried out pur-  
12 suant to a law enacted to protect, operate, and administer  
13 any deposit insurance funds, including the resolution and  
14 liquidation of failed or failing insured depository institu-  
15 tions.

16       (h) CONTRACTS FOR COLLECTION SERVICES.—Sec-  
17 tion 3718 of title 31, United States Code, is amended—

18               (1) in the first sentence of subsection (b)(1)(A),  
19       by inserting “, or any monetary claim, including any  
20       claims for civil fines or penalties, asserted by the At-  
21       torney General” before the period;

22               (2) in the third sentence of subsection  
23       (b)(1)(A)—

1 (A) by inserting “or in connection with  
 2 other monetary claims” after “collection of  
 3 claims of indebtedness”;

4 (B) by inserting “or claim” after “the in-  
 5 debtedness”; and

6 (C) by inserting “or other person” after  
 7 “the debtor”; and

8 (3) in subsection (d), by inserting “or any other  
 9 monetary claim of” after “indebtedness owed”.

10 **SEC. 202. BARRING DELINQUENT FEDERAL DEBTORS FROM**  
 11 **OBTAINING FEDERAL BENEFITS.**

12 (a) IN GENERAL.—Section 3720B of title 31, United  
 13 States Code, is amended to read as follows:

14 **“§ 3720B. Barring delinquent Federal debtors from**  
 15 **obtaining Federal benefits**

16 “(a)(1) A person shall not be eligible for the award  
 17 or renewal of any Federal benefit described in paragraph  
 18 (2) if the person has an outstanding nontax debt that is  
 19 in a delinquent status with any executive, judicial, or legis-  
 20 lative agency, as determined under standards prescribed  
 21 by the Secretary of the Treasury. Such a person may ob-  
 22 tain additional Federal benefits described in paragraph (2)  
 23 only after such delinquency is resolved in accordance with  
 24 those standards.

1       “(2) The Federal benefits referred to in paragraph  
2 (1) are the following:

3               “(A) Financial assistance in the form of a loan  
4       (other than a disaster loan) or loan insurance or  
5       guarantee.

6               “(B) Any Federal permit or license otherwise  
7       required by law.

8       “(b) The Secretary of the Treasury may exempt any  
9       class of claims from the application of subsection (a) at  
10      the request of an executive, judicial, or legislative agency.

11       “(c)(1) The head of any executive, judicial, or legisla-  
12      tive agency may waive the application of subsection (a)  
13      to any Federal benefit that is administered by the agency  
14      based on standards promulgated by the Secretary of the  
15      Treasury.

16       “(2) The head of an executive, judicial, or legislative  
17      agency may delegate the waiver authority under para-  
18      graph (1) to the chief financial officer of the agency.

19       “(3) The chief financial officer of an agency to whom  
20      waiver authority is delegated under paragraph (2) may re-  
21      delegate that authority only to the deputy chief financial  
22      officer of the agency. The deputy chief financial officer  
23      may not redelegate such authority.

1 “(d) As used in this section, the term ‘nontax debt’  
 2 means any debt other than a debt under the Internal Rev-  
 3 enue Code of 1986 or the Tariff Act of 1930.’”.

4 (b) CLERICAL AMENDMENT.—The table of sections  
 5 at the beginning of chapter 37 of title 31, United States  
 6 Code, is amended by striking the item relating to section  
 7 3720B and inserting the following:

“3720B. Barring delinquent Federal debtors from obtaining Federal benefits.”.

8 (c) CONSTRUCTION.—The amendment made by this  
 9 section shall not be construed as altering or superseding  
 10 the provisions in section 525 of title 11, United States  
 11 Code.

12 **SEC. 203. COLLECTION AND COMPROMISE OF NONTAX**  
 13 **DEBTS AND CLAIMS.**

14 (a) USE OF PRIVATE COLLECTION CONTRACTORS  
 15 AND FEDERAL DEBT COLLECTION CENTERS.—Para-  
 16 graph (5) of section 3711(g) of title 31, United States  
 17 Code, is amended to read as follows:

18 “(5)(A) Nontax debts referred or transferred under  
 19 this subsection shall be serviced, collected, or com-  
 20 promised, or collection action thereon suspended or termi-  
 21 nated, in accordance with otherwise applicable statutory  
 22 requirements and authorities.

23 “(B) The head of each executive agency that operates  
 24 a debt collection center may enter into an agreement with

1 the Secretary of the Treasury to carry out the purposes  
2 of this subsection.

3 “(C) The Secretary of the Treasury shall—

4 “(i) maintain a schedule of private collection  
5 contractors and debt collection centers operated by  
6 agencies that are eligible for referral of claims under  
7 this subsection;

8 “(ii) maximize collections of delinquent nontax  
9 debts by referring delinquent nontax debts promptly;

10 “(iii) maintain competition between private col-  
11 lection contractors;

12 “(iv) ensure, to the maximum extent prac-  
13 ticable, that a private collection contractor to which  
14 a nontax debt is referred is responsible for any ad-  
15 ministrative costs associated with the contract under  
16 which the referral is made.

17 “(D) As used in this paragraph, the term ‘nontax  
18 debt’ means any debt other than a debt under the Internal  
19 Revenue Code of 1986 or the Tariff Act of 1930.”.

20 (b) LIMITATION ON DISCHARGE BEFORE USE OF  
21 PRIVATE COLLECTION CONTRACTOR OR DEBT COLLEC-  
22 TION CENTER.—Paragraph (9) of section 3711(g) of title  
23 31, United States Code, is amended—

24 (1) by redesignating subparagraphs (A) through  
25 (H) as clauses (i) through (viii);



1 (2) by inserting “(A)” after “(9)”;

2 (3) in subparagraph (A) (as designated by  
3 paragraph (2) of this subsection) in the matter pre-  
4 ceding clause (i) (as designated by paragraph (1) of  
5 this subsection), by inserting “and subject to sub-  
6 paragraph (B)” after “as applicable”; and

7 (4) by adding at the end the following:

8 “(B)(i) The head of an executive, judicial, or legisla-  
9 tive agency may not discharge a nontax debt or terminate  
10 collection action on a nontax debt unless the debt has been  
11 referred to a private collection contractor or a debt collec-  
12 tion center, referred to the Attorney General for litigation,  
13 sold without recourse, administrative wage garnishment  
14 has been undertaken, or in the event of bankruptcy, death,  
15 or disability.

16 “(ii) The head of an executive, judicial, or legislative  
17 agency may waive the application of clause (i) to any  
18 nontax debt, or class of nontax debts if the head of the  
19 agency determines that the waiver is in the best interest  
20 of the United States.

21 “(iii) As used in this subparagraph, the term ‘nontax  
22 debt’ means any debt other than a debt under the Internal  
23 Revenue Code of 1986 or the Tariff Act of 1930.”.

1 **TITLE III—SALE OF NONTAX**  
2 **DEBTS OWED TO UNITED**  
3 **STATES**

4 **SEC. 301. AUTHORITY TO SELL NONTAX DEBTS.**

5 (a) PURPOSE.—The purpose of this section is to pro-  
6 vide that the head of each executive, judicial, or legislative  
7 agency shall establish a program of nontax debt sales in  
8 order to—

9 (1) minimize the loan and nontax debt port-  
10 folios of the agency;

11 (2) improve credit management while serving  
12 public needs;

13 (3) reduce delinquent nontax debts held by the  
14 agency;

15 (4) obtain the maximum value for loan and  
16 nontax debt assets; and

17 (5) obtain valid data on the amount of the Fed-  
18 eral subsidy inherent in loan programs conducted  
19 pursuant to the Federal Credit Reform Act of 1990  
20 (Public Law 93–344).

21 (b) SALES AUTHORIZED.—(1) The head of an execu-  
22 tive, judicial, or legislative agency may sell, subject to sec-  
23 tion 504(b) of the Federal Credit Reform Act of 1990 (2  
24 U.S.C. 661c(b)) and using competitive procedures, any

1 nontax debt owed to the United States that is adminis-  
2 tered by the agency.

3 (2) Costs the agency incurs in selling nontax debt  
4 pursuant to this section may be deducted from the pro-  
5 ceeds received from the sale. Such costs may include, but  
6 are not limited to—

7 (A) the costs of any contract for identification,  
8 billing, or collection services;

9 (B) the costs of contractors assisting in the sale  
10 of nontax debt;

11 (C) the fees of appraisers, auctioneers, and re-  
12 alty brokers;

13 (D) the costs of advertising and surveying; and

14 (E) other reasonable costs incurred by the  
15 agency.

16 (3) Sales of nontax debt under this section—

17 (A) shall be for—

18 (i) cash; or

19 (ii) cash and a residuary equity, joint ven-  
20 ture, or profit participation, if the head of the  
21 agency, in consultation with the Director of the  
22 Office of Management and Budget and the Sec-  
23 retary of the Treasury, determines that the pro-  
24 ceeds will be greater than the proceeds from a  
25 sale solely for cash;

1 (B) shall be without recourse against the  
2 United States, but may include the use of guaran-  
3 tees if otherwise authorized by law; and

4 (C) shall transfer to the purchaser all rights of  
5 the United States to demand payment of the nontax  
6 debt, other than with respect to a residuary equity,  
7 joint venture, or profit participation under subpara-  
8 graph (A)(ii).

9 (c) EXISTING AUTHORITY NOT AFFECTED.—This  
10 section is not intended to limit existing statutory authority  
11 of the head of an executive, judicial, or legislative agency  
12 to sell loans, nontax debts, or other assets.

13 **SEC. 302. REQUIREMENT TO SELL CERTAIN NONTAX**  
14 **DEBTS.**

15 (a) SALE OF DELINQUENT LOANS.—The head of  
16 each executive, judicial, or legislative agency shall sell any  
17 nontax loan owed to the United States by the later of—

18 (1) the date on which the nontax debt becomes  
19 24 months delinquent; or

20 (2) 24 months after referral of the nontax debt  
21 to the Secretary of the Treasury pursuant to section  
22 3711(g)(1) of title 31, United States Code. Sales  
23 under this subsection shall be conducted under the  
24 authority in section 301.

1       (b) SALE OF NEW LOANS.—The head of each execu-  
2 tive, judicial, or legislative agency shall sell each loan obli-  
3 gation arising from a program administered by the agen-  
4 cy, not later than 6 months after the loan is disbursed,  
5 unless the head of the agency determines that the sale  
6 would interfere with the mission of the agency administer-  
7 ing the program under which the loan was disbursed, or  
8 the head of the agency, in consultation with the Director  
9 of the Office of Management and Budget and the Sec-  
10 retary of the Treasury, determines that a longer period  
11 is necessary to protect the financial interests of the United  
12 States. Such loan obligations shall be audited annually in  
13 accordance with generally accepted audit standards. Sales  
14 under this subsection shall be conducted under the author-  
15 ity in section 301.

16       (c) SALE OF NONTAX DEBTS AFTER TERMINATION  
17 OF COLLECTION ACTION.—After terminating collection  
18 action, the head of an executive, judicial, or legislative  
19 agency shall sell, using competitive procedures, any nontax  
20 debt or class of nontax debts owed to the United States  
21 unless the head of the agency, in consultation with the  
22 Director of the Office of Management and Budget and the  
23 Secretary of the Treasury, determines that the sale is not  
24 in the best financial interests of the United States. Such

1 nontax debts shall be audited annually in accordance with  
2 generally accepted audit standards.

3 (d) LIMITATIONS.—(1) The head of an executive, ju-  
4 dicial, or legislative agency shall not, without the approval  
5 of the Attorney General, sell any nontax debt that is the  
6 subject of an allegation of or investigation for fraud, or  
7 that has been referred to the Department of Justice for  
8 litigation.

9 (2) The head of an executive, judicial, or legislative  
10 agency may exempt from sale any class of nontax debts  
11 if the head of the agency determines that the sale would  
12 interfere with the mission of the agency administering the  
13 program under which the indebtedness was incurred.

## 14 **TITLE IV—TREATMENT OF HIGH** 15 **VALUE NONTAX DEBTS**

### 16 **SEC. 401. ANNUAL REPORT ON HIGH VALUE NONTAX** 17 **DEBTS.**

18 (a) IN GENERAL.—Not later than 90 days after the  
19 end of each fiscal year, the head of each agency that ad-  
20 ministers a program that gives rise to a delinquent high  
21 value nontax debt shall submit a report to Congress that  
22 lists each such debt.

23 (b) CONTENT.—A report under this section shall, for  
24 each debt listed in the report, include the following:

1           (1) The name of each person liable for the debt,  
2           including, for a person that is a company, coopera-  
3           tive, or partnership, the names of the owners and  
4           principal officers.

5           (2) The amounts of principal, interest, and pen-  
6           alty comprising the debt.

7           (3) The actions the agency has taken to collect  
8           the debt, and prevent future losses.

9           (4) Specification of any portion of the debt that  
10          has been written-down administratively or due to a  
11          bankruptcy proceeding.

12          (5) An assessment of why the borrower de-  
13          faulted.

14          (c) DEFINITIONS.—In this section:

15           (1) AGENCY.—The term “agency” has the  
16           meaning that term has in chapter 37 of title 31,  
17           United States Code, as amended by this Act.

18           (2) HIGH VALUE NONTAX DEBT.—The term  
19           “high value nontax debt” means a nontax debt hav-  
20           ing an outstanding value (including principal, inter-  
21           est, and penalties) that exceeds \$1,000,000.

22   **SEC. 402. REVIEW BY INSPECTORS GENERAL.**

23          The Inspector General of each agency shall review the  
24          annual report to Congress required in section 401 and  
25          make such recommendations as necessary to improve per-

1 formance of the agency. Each Inspector General shall peri-  
 2 odically review and report to Congress on the agency's  
 3 nontax debt collection management practices. As part of  
 4 such reviews, the Inspector General shall examine agency  
 5 efforts to reduce the aggregate amount of high value  
 6 nontax debts that are resolved in whole or in part by com-  
 7 promise, default, or bankruptcy.

8 **SEC. 403. REQUIREMENT TO SEEK SEIZURE AND FORFEIT-**  
 9 **URE OF ASSETS SECURING HIGH VALUE**  
 10 **NONTAX DEBT.**

11 The head of an agency authorized to collect a high  
 12 value nontax debt that is delinquent shall, when appro-  
 13 priate, promptly seek seizure and forfeiture of assets  
 14 pledged to the United States in any transaction giving rise  
 15 to the nontax debt. When an agency determines that sei-  
 16 zure or forfeiture is not appropriate, the agency shall in-  
 17 clude a justification for such determination in the report  
 18 under section 401.

19 **TITLE V—FEDERAL PAYMENTS**

20 **SEC. 501. PROMOTING ELECTRONIC PAYMENTS.**

21 (a) EARLY RELEASE OF ELECTRONIC PAYMENTS.—  
 22 Section 3903(a) of title 31, United States Code, is  
 23 amended—

24 (1) by amending paragraph (1) to read as fol-  
 25 lows:



1 “(1) provide that the required payment date  
2 is—

3 “(A) the date payment is due under the  
4 contract for the item of property or service pro-  
5 vided; or

6 “(B) no later than 30 days after a proper  
7 invoice for the amount due is received if a spe-  
8 cific payment date is not established by con-  
9 tract;”; and

10 (2) by striking “and” after the semicolon at the  
11 end of paragraph (8), by striking the period at the  
12 end of paragraph (9) and inserting “; and”, and by  
13 adding at the end the following:

14 “(10) provide that the Director of the Office of  
15 Management and Budget may waive the application  
16 of requirements under paragraph (1) to provide for  
17 early payment of vendors in cases where an agency  
18 will implement an electronic payment technology  
19 which improves agency cash management and busi-  
20 ness practice.”.

21 (b) AUTHORITY TO ACCEPT ELECTRONIC PAY-  
22 MENT.—

23 (1) IN GENERAL.—Subject to an agreement be-  
24 tween the head of an executive agency and the appli-  
25 cable financial institution or institutions based on

1 terms acceptable to the Director of the Office of  
2 Management and Budget, the head of such agency  
3 may accept an electronic payment, including debit  
4 and credit cards, to satisfy a nontax debt owed to  
5 the agency.

6 (2) GUIDELINES FOR AGREEMENTS REGARDING  
7 PAYMENT.—The Director of the Office of Manage-  
8 ment and Budget shall develop guidelines regarding  
9 agreements between agencies and financial institu-  
10 tions under paragraph (1).

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