

106TH CONGRESS
1ST SESSION

H. R. 436

AN ACT

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.

106TH CONGRESS
1ST SESSION

H. R. 436

AN ACT

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.

TITLE V—FEDERAL PAYMENTS

Sec. 501. Transfer of responsibility to Secretary of the Treasury with respect to prompt payment.

Sec. 502. Promoting electronic payments.

Sec. 503. Debt services account.

1 **SEC. 2. PURPOSES.**

2 The purposes of this Act are the following:

3 (1) To reduce waste, fraud, and error in Fed-
4 eral benefit programs.

5 (2) To focus Federal agency management at-
6 tention on high-risk programs.

7 (3) To better collect debts owed to the United
8 States.

9 (4) To improve Federal payment systems.

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

12 **SEC. 3. DEFINITION.**

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

18 **SEC. 4. APPLICATION OF ACT.**

19 No provision of this Act shall apply to the Depart-
20 ment of the Treasury or the Internal Revenue Service to
21 the extent that such provision—

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

3 (2) conflicts with the Internal Revenue Service
4 Restructuring and Reform Act of 1998, the Internal
5 Revenue Code of 1986, or the Tariff Act of 1930.

6 **TITLE I—GENERAL**
7 **MANAGEMENT IMPROVEMENTS**

8 **SEC. 101. IMPROVING FINANCIAL MANAGEMENT.**

9 Section 3515 of title 31, United States Code, is
10 amended—

11 (1) in subsection (a)—

12 (A) by striking “1997” and inserting
13 “2000”; and

14 (B) by inserting “Congress and” after
15 “submit to”; and

16 (2) by striking subsections (e), (f), (g), and (h).

17 **SEC. 102. IMPROVING TRAVEL MANAGEMENT.**

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

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

1 (1) REQUIREMENT TO ENCOURAGE USE.—The
2 head of each executive agency shall, with respect to
3 travel by employees of the agency in the perform-
4 ance of the employment duties by the employee, re-
5 quire, to the extent practicable, the use by such em-
6 ployees of travel management centers, travel agents
7 authorized for use by such employees, and electronic
8 reservation and payment systems for the purpose of
9 improving efficiency and economy regarding travel
10 by employees of the agency.

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

21 (B) The Administrator shall submit the plan re-
22 quired under subparagraph (A) not later than March
23 31, 2000.

24 (c) PAYMENT OF STATE AND LOCAL TAXES ON
25 TRAVEL EXPENSES.—

1 (1) IN GENERAL.—The Administrator of Gen-
2 eral Services shall develop a mechanism to ensure
3 that employees of executive agencies are not inap-
4 propriately charged State and local taxes on travel
5 expenses, including transportation, lodging, auto-
6 mobile rental, and other miscellaneous travel ex-
7 penses.

8 (2) REPORT.—Not later than March 31, 2000,
9 the Administrator shall, after consultation with the
10 heads of executive agencies, submit to Congress a
11 report describing the steps taken, and proposed to
12 be taken, to carry out this subsection.

13 **TITLE II—IMPROVING FEDERAL**
14 **DEBT COLLECTION PRACTICES**

15 **SEC. 201. MISCELLANEOUS CORRECTIONS TO SUBCHAPTER**
16 **II OF CHAPTER 37 OF TITLE 31, UNITED**
17 **STATES CODE.**

18 (a) CHILD SUPPORT ENFORCEMENT.—Section
19 3716(h)(3) of title 31, United States Code, is amended
20 to read as follows:

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

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

3 (c) GAINSHARING.—Section 3720C(b)(2)(D) of title
4 31, United States Code, is amended by striking “delin-
5 quent loans” and inserting “debts”.

6 (d) PROVISIONS RELATING TO PRIVATE COLLECTION
7 CONTRACTORS.—

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

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

21 “(12) In evaluating the performance of a contractor
22 under any contract entered into under this subsection, the
23 Secretary of the Treasury shall consider the contractor’s
24 gross collections net of commissions (as a percentage of
25 account amounts placed with the contractor) under the

1 contract. The existence and frequency of valid debtor com-
2 plaints shall also be considered in the evaluation criteria.

3 “(13) In selecting contractors for performance of col-
4 lection services, the Secretary of the Treasury shall evalu-
5 ate bids received through a methodology that considers the
6 bidder’s prior performance in terms of net amounts col-
7 lected under Government collection contracts of similar
8 size, if applicable. The existence and frequency of valid
9 debtor complaints shall also be considered in the evalua-
10 tion criteria.”.

11 (2) COLLECTION BY PROGRAM AGENCY.—Sec-
12 tion 3718 of title 31, United States Code, is amend-
13 ed by adding at the end the following:

14 “(h) In attempting to collect under this subsection
15 through the use of garnishment any debt owed to the
16 United States, a private collection contractor shall not be
17 precluded from verifying the current place of employment
18 of the debtor, the location of the payroll office of the debt-
19 or’s current employer, the period the debtor has been em-
20 ployed by the current employer of the debtor, and the com-
21 pensation received by the debtor from the current em-
22 ployer of the debtor.

23 “(i) In evaluating the performance of a contractor
24 under any contract for the performance of debt collection
25 services entered into by an executive, judicial, or legislative

1 agency, the head of the agency shall consider the contrac-
2 tor's gross collections net of commissions (as a percentage
3 of account amounts placed with the contractor) under the
4 contract. The existence and frequency of valid debtor com-
5 plaints shall also be considered in the evaluation criteria.

6 “(j) In selecting contractors for performance of col-
7 lection services, the head of an executive, judicial, or legis-
8 lative agency shall evaluate bids received through a meth-
9 odology that considers the bidder's prior performance in
10 terms of net amounts collected under government collec-
11 tion contracts of similar size, if applicable. The existence
12 and frequency of valid debtor complaints shall also be con-
13 sidered in the evaluation criteria.”.

14 (3) CONSTRUCTION.—None of the amendments
15 made by this subsection shall be construed as alter-
16 ing or superseding the provisions of title 11, United
17 States Code, or section 6103 of the Internal Reve-
18 nue Code of 1986.

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

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

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

1 “For purposes of this subsection, the disbursing official
2 for the Department of the Treasury is the Secretary of
3 the Treasury or his or her designee.”.

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

9 (g) INAPPLICABILITY OF ACT TO CERTAIN AGEN-
10 CIES.—Notwithstanding any other provision of law, no
11 provision in this Act, the Debt Collection Improvement Act
12 of 1996 (chapter 10 of title III of Public Law 104–134;
13 31 U.S.C. 3701 note), chapter 37 or subchapter II of
14 chapter 33 of title 31, United States Code, or any amend-
15 ments made by such Acts or any regulations issued there-
16 under, shall apply to activities carried out pursuant to a
17 law enacted to protect, operate, and administer any de-
18 posit insurance funds, including the resolution and liq-
19 uidation of failed or failing insured depository institutions.

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

22 (1) in the first sentence of subsection (b)(1)(A),
23 by inserting “, or, if appropriate, any monetary
24 claim, including any claims for civil fines or pen-

1 alties, asserted by the Attorney General” before the
2 period;

3 (2) in the third sentence of subsection
4 (b)(1)(A)—

5 (A) by inserting “or in connection with
6 other monetary claims” after “collection of
7 claims of indebtedness”;

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

10 (C) by inserting “or other person” after
11 “the debtor”; and

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

14 **SEC. 202. BARRING DELINQUENT FEDERAL DEBTORS FROM**
15 **OBTAINING FEDERAL BENEFITS.**

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

18 **“§ 3720B. Barring delinquent Federal debtors from**
19 **obtaining Federal benefits**

20 “(a)(1) A person shall not be eligible for the award
21 or renewal of any Federal benefit described in paragraph

22 (2) if the person has an outstanding nontax debt that is
23 in a delinquent status with any executive, judicial, or legis-
24 lative agency, as determined under standards prescribed
25 by the Secretary of the Treasury. Such a person may ob-

1 tain additional Federal benefits described in paragraph (2)
2 only after such delinquency is resolved in accordance with
3 those standards.

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

6 “(A) Financial assistance in the form of a loan
7 (other than a disaster loan) or loan insurance or
8 guarantee.

9 “(B) Any Federal permit or Federal license re-
10 quired by law.

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

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

19 “(2) The head of an executive, judicial, or legislative
20 agency may delegate the waiver authority under para-
21 graph (1) to the chief financial officer or, in the case of
22 any Federal performance-based organization, the chief op-
23 erating officer of the agency.

24 “(3) The chief financial officer or chief operating offi-
25 cer of an agency to whom waiver authority is delegated

1 under paragraph (2) may redelegate that authority only
 2 to the deputy chief financial officer or deputy chief operat-
 3 ing officer of the agency. Such deputy chief financial offi-
 4 cer or deputy chief operating officer may not redelegate
 5 such authority.

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

9 (b) CLERICAL AMENDMENT.—The table of sections
 10 at the beginning of chapter 37 of title 31, United States
 11 Code, is amended by striking the item relating to section
 12 3720B and inserting the following:

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

13 (c) CONSTRUCTION.—The amendment made by this
 14 section shall not be construed as altering or superseding
 15 the provisions of title 11, United States Code.

16 **SEC. 203. COLLECTION AND COMPROMISE OF NONTAX**
 17 **DEBTS AND CLAIMS.**

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

22 “(5)(A) Nontax debts referred or transferred under
 23 this subsection shall be serviced, collected, or com-
 24 promised, or collection action thereon suspended or termi-

1 nated, in accordance with otherwise applicable statutory
2 requirements and authorities.

3 “(B) The head of each executive agency that operates
4 a debt collection center may enter into an agreement with
5 the Secretary of the Treasury to carry out the purposes
6 of this subsection.

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

8 “(i) maintain a schedule of private collection
9 contractors and debt collection centers operated by
10 agencies that are eligible for referral of claims under
11 this subsection;

12 “(ii) maximize collections of delinquent nontax
13 debts by referring delinquent nontax debts to private
14 collection contractors promptly;

15 “(iii) maintain competition between private col-
16 lection contractors;

17 “(iv) ensure, to the maximum extent prac-
18 ticable, that a private collection contractor to which
19 a nontax debt is referred is responsible for any ad-
20 ministrative costs associated with the contract under
21 which the referral is made.

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

1 (b) LIMITATION ON DISCHARGE BEFORE USE OF
2 PRIVATE COLLECTION CONTRACTOR OR DEBT COLLEC-
3 TION CENTER.—Paragraph (9) of section 3711(g) of title
4 31, United States Code, is amended—

5 (1) by redesignating subparagraphs (A) through
6 (H) as clauses (i) through (viii);

7 (2) by inserting “(A)” after “(9)”;

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

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

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

22 “(ii) The head of an executive, judicial, or legislative
23 agency may waive the application of clause (i) to any
24 nontax debt, or class of nontax debts if the head of the

1 agency determines that the waiver is in the best interest
2 of the United States.

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

6 **TITLE III—SALE OF NONTAX**
7 **DEBTS OWED TO UNITED**
8 **STATES**

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

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

14 (1) minimize the loan and nontax debt port-
15 folios of the agency;

16 (2) improve credit management while serving
17 public needs;

18 (3) reduce delinquent nontax debts held by the
19 agency;

20 (4) obtain the maximum value for loan and
21 nontax debt assets; and

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

1 (b) SALES AUTHORIZED.—(1) Section 3711 of title
2 31, United States Code, is amended by inserting after sub-
3 section (h) the following new subsection:

4 “(i)(1) The head of an executive, judicial, or legisla-
5 tive agency may sell, subject to section 504(b) of the Fed-
6 eral Credit Reform Act of 1990 (2 U.S.C. 661c(b)) and
7 using competitive procedures, any nontax debt owed to the
8 United States that is administered by the agency.

9 “(2) Costs the agency incurs in selling nontax debt
10 pursuant to this subsection may be deducted from the pro-
11 ceeds received from the sale. Such costs include—

12 “(A) the costs of any contract for identification,
13 billing, or collection services;

14 “(B) the costs of contractors assisting in the
15 sale of nontax debt;

16 “(C) the fees of appraisers, auctioneers, and re-
17 alty brokers;

18 “(D) the costs of advertising and surveying;
19 and

20 “(E) other reasonable costs incurred by the
21 agency, as determined by the Director of the Office
22 of Management and Budget.

23 “(3) Sales of nontax debt under this subsection—

24 “(A) shall be for—

25 “(i) cash; or

1 “(ii) cash and a residuary equity, joint
2 venture, or profit participation, if the head of
3 the agency, in consultation with the Director of
4 the Office of Management and Budget and the
5 Secretary of the Treasury, determines that the
6 proceeds will be greater than the proceeds from
7 a sale solely for cash;

8 “(B) shall be without recourse against the
9 United States; and

10 “(C) shall transfer to the purchaser all rights
11 of the United States to demand payment of the
12 nontax debt, other than with respect to a residuary
13 equity, joint venture, or profit participation under
14 subparagraph (A)(ii), but shall not transfer to the
15 purchaser any rights or defenses uniquely available
16 to the United States.

17 “(3) This subsection is not intended to limit existing
18 statutory authority of the head of an executive, judicial,
19 or legislative agency to sell loans, nontax debts, or other
20 assets.”.

21 **SEC. 302. REQUIREMENT TO SELL CERTAIN NONTAX**
22 **DEBTS.**

23 Section 3711 of title 31, United States Code, is
24 amended further by adding at the end the following new
25 subsection:

1 “(j)(1)(A) The head of each executive, judicial, or leg-
2 islative agency shall sell any nontax loan owed to the
3 United States by the later of—

4 “(i) the date on which the nontax debt becomes
5 24 months delinquent; or

6 “(ii) 24 months after referral of the nontax
7 debt to the Secretary of the Treasury pursuant to
8 section 3711(g)(1) of title 31, United States Code.
9 Sales under this subsection shall be conducted under
10 the authority in section 301.

11 “(B) The head of an executive, judicial, or legislative
12 agency, in consultation with the Director of the Office of
13 Management and Budget and the Secretary of the Treas-
14 ury, may exempt from sale delinquent debt or debts under
15 this subsection if the head of the agency determines that
16 the sale is not in the best financial interest of the United
17 States.

18 “(2) The head of each executive, judicial, or legisla-
19 tive agency shall sell each loan obligation arising from a
20 program administered by the agency, not later than 6
21 months after the loan is disbursed, unless the head of the
22 agency determines that the sale would interfere with the
23 mission of the agency administering the program under
24 which the loan was disbursed, or the head of the agency,
25 in consultation with the Director of the Office of Manage-

1 ment and Budget and the Secretary of the Treasury, de-
2 termines that a longer period is necessary to protect the
3 financial interests of the United States. Sales under this
4 subsection shall be conducted under the authority in sec-
5 tion 301.

6 “(3) After terminating collection action, the head of
7 an executive, judicial, or legislative agency shall sell, using
8 competitive procedures, any nontax debt or class of nontax
9 debts owed to the United States unless the head of the
10 agency, in consultation with the Director of the Office of
11 Management and Budget and the Secretary of the Treas-
12 ury, determines that the sale is not in the best financial
13 interests of the United States. Sales under this paragraph
14 shall be conducted under the authority of subsection (i).

15 “(4)(A) The head of an executive, judicial, or legisla-
16 tive agency shall not, without the approval of the Attorney
17 General, sell any nontax debt that is the subject of an
18 allegation of or investigation for fraud, or that has been
19 referred to the Department of Justice for litigation.

20 “(B) The head of an executive, judicial, or legislative
21 agency may exempt from sale under this subsection any
22 class of nontax debts or loans if the head of the agency
23 determines that the sale would interfere with the mission
24 of the agency administering the program under which the
25 indebtedness was incurred.”.

1 **TITLE IV—TREATMENT OF HIGH**
2 **VALUE NONTAX DEBTS**

3 **SEC. 401. ANNUAL REPORT ON HIGH VALUE NONTAX**
4 **DEBTS.**

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

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

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

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

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

20 (4) Specification of any portion of the debt that
21 has been written-down administratively or due to a
22 bankruptcy proceeding.

23 (5) An assessment of why the debtor defaulted.

24 (c) DEFINITIONS.—In this title:

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

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

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

9 The Inspector General of each agency shall review the
10 applicable annual report to Congress required in section
11 401 and make such recommendations as necessary to im-
12 prove performance of the agency. Each Inspector General
13 shall periodically review and report to Congress on the
14 agency’s nontax debt collection management practices. As
15 part of such reviews, the Inspector General shall examine
16 agency efforts to reduce the aggregate amount of high
17 value nontax debts that are resolved in whole or in part
18 by compromise, default, or bankruptcy.

19 **SEC. 403. REQUIREMENT TO SEEK SEIZURE AND FORFEIT-**
20 **URE OF ASSETS SECURING HIGH VALUE**
21 **NONTAX DEBT.**

22 The head of an agency authorized to collect a high
23 value nontax debt that is delinquent shall, when appro-
24 priate, promptly seek seizure and forfeiture of assets
25 pledged to the United States in any transaction giving rise

1 to the nontax debt. When an agency determines that sei-
2 zure or forfeiture is not appropriate, the agency shall in-
3 clude a justification for such determination in the report
4 under section 401.

5 **TITLE V—FEDERAL PAYMENTS**

6 **SEC. 501. TRANSFER OF RESPONSIBILITY TO SECRETARY** 7 **OF THE TREASURY WITH RESPECT TO** 8 **PROMPT PAYMENT.**

9 (a) DEFINITION.—Section 3901(a)(3) of title 31,
10 United States Code, is amended by striking “Director of
11 the Office of Management and Budget” and inserting
12 “Secretary of the Treasury”.

13 (b) INTEREST.—Section 3902(e)(3)(D) of title 31,
14 United States Code, is amended by striking “Director of
15 the Office of Management and Budget” and inserting
16 “Secretary of the Treasury”.

17 (c) REGULATIONS.—Section 3903(a) of title 31,
18 United States Code, is amended by striking “Director of
19 the Office of Management and Budget” and inserting
20 “Secretary of the Treasury”.

21 **SEC. 502. PROMOTING ELECTRONIC PAYMENTS.**

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

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

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

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

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

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

16 “(10) provide that the Secretary of the Treas-
17 ury may waive the application of requirements under
18 paragraph (1) to provide for early payment of ven-
19 dors in cases where an agency will implement an
20 electronic payment technology which improves agen-
21 cy cash management and business practice.”.

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

24 (1) IN GENERAL.—Subject to an agreement be-
25 tween the head of an executive agency and the appli-

1 cable financial institution or institutions based on
2 terms acceptable to the Secretary of the Treasury,
3 the head of such agency may accept an electronic
4 payment, including debit and credit cards, to satisfy
5 a nontax debt owed to the agency.

6 (2) GUIDELINES FOR AGREEMENTS REGARDING
7 PAYMENT.—The Secretary of the Treasury shall de-
8 velop guidelines regarding agreements between agen-
9 cies and financial institutions under paragraph (1).

10 **SEC. 503. DEBT SERVICES ACCOUNT.**

11 (a) TRANSFER OF FUNDS TO DEBT SERVICES AC-
12 COUNT.—The Secretary of the Treasury may transfer bal-
13 ances in accounts established before the date of the enact-
14 ment of this Act pursuant to section of 3711(g)(7) of title
15 31, United States Code, to the Debt Services Account es-
16 tablished under subsection (b). All amounts transferred to
17 the Debt Services Account under this section shall remain
18 available until expended.

19 (b) ESTABLISHMENT OF DEBT SERVICES AC-
20 COUNT.—Subsection (g)(7) of section 3711 of title 31,
21 United States Code, is amended by striking the second
22 sentence and inserting the following: “Any fee charged
23 pursuant to this subsection shall be deposited into an ac-
24 count established in the Treasury to be known as the

1 ‘Debt Services Account’ (hereinafter referred to in this
2 section as the ‘Account’).”

3 (c) REIMBURSEMENT OF FUNDS.—Section 3711(g)
4 of title 31, United States Code, is amended—

5 (1) by striking paragraph (8);

6 (2) by redesignating paragraphs (9) and (10)
7 as paragraphs (8) and (9), respectively; and

8 (3) by amending paragraph (9) (as redesignig-
9 nated by paragraph (2)) to read as follows:

10 “(9) To carry out the purposes of this sub-
11 section, including services provided under sections
12 3716 and 3720A, the Secretary of the Treasury
13 may—

14 “(A) prescribe such rules, regulations, and
15 procedures as the Secretary considers nec-
16 essary;

17 “(B) transfer such funds from funds ap-
18 propriated to the Department of the Treasury
19 as may be necessary to meet liabilities and obli-
20 gations incurred prior to the receipt of fees that
21 result from debt collection; and

22 “(C) reimburse any funds from which
23 funds were transferred under subparagraph (B)
24 from fees collected pursuant to sections 3711,
25 3716, and 3720A. Any reimbursement under

1 this subparagraph shall occur during the period
2 of availability of the funds transferred under
3 subparagraph (B) and shall be available to the
4 same extent and for the same purposes as the
5 funds originally transferred.”.

6 (d) DEPOSIT OF TAX REFUND OFFSET FEES.—The
7 last sentence of section 3720A(d) of title 31, United
8 States Code, is amended to read as follows: “Amounts
9 paid to the Secretary of the Treasury as fees under this
10 section shall be deposited into the Debt Services Account
11 of the Department of the Treasury described in section
12 3711(g)(7) and shall be collected and accounted for in ac-
13 cordance with the provisions of that section.”.

Passed the House of Representatives February 24,
1999.

Attest:

Clerk.