

	STATE OF ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES		POLICY AND PROCEDURE NUMBER 04.02.010	PAGE 1 of 2
	Policy and Procedure		EFFECTIVE DATE July 1, 1992	
SUBJECT AMHS Credit and Collection Policy		SUPERSEDES 25-2000	DATED 4/1/85	
TITLE Alaska Marine Highway System	CHAPTER Budget and Finance	APPROVED BY <p style="text-align: center;">Signature on File</p>		

PURPOSE

To encourage the promotion and sale of passenger and commercial transportation in a competitive and efficient manner and to establish guidelines for extending credit and pursuing collection of overdue accounts.

POLICY

In an effort to promote the sale of passenger and commercial transportation, the following categories of customers will be extended credit and will be held to the credit and collection policies established below:

1. Travel agents with AMHS ticket stock
2. Travel agents with charge accounts
3. Commercial businesses with charge accounts
4. Governmental agencies: municipal, state and federal

Credit Policy

The AMHS, within the bounds of prudent credit practice, will endeavor to find a suitable credit basis on which to deal with every person who desires to buy services.

An agent, business or government agency will be extended a line of credit on a case by case basis. Prior approval of the Support Services Manager is required for a credit line up to \$10,000. Prior approval of the System Director is required for a credit line exceeding \$10,000.

In all cases where credit has been extended to an agent or business, they will be required to furnish one of the following:

1. Surety bond in the amount of \$10,000 or the amount of the credit extended if greater than \$10,000.
2. Standby confirmed irrevocable letter of credit in the amount of \$10,000 or the amount of the credit extended if greater than \$10,000.

The surety bond and letter of credit shall name as obligee the State of Alaska, Department of Transportation and Public Facilities, Alaska Marine Highway System.

The AMHS credit policy shall be updated every five years and resubmitted to the Department of Administration, Division of Finance.

Collection Policy

The AMHS shall maintain and establish credit limits and collection periods consistent with the State Administrative Manual in order to minimize bad debt losses.

The following is the collection policy for the AMHS:

1. Thirty days after the original payment due date, the debtor will be placed on a cash basis. Future reservations must be paid by certified check, money order or wire transfer. Credit will be discontinued by removing the debtor from the credit authorization list in the reservations computer and the debtor will be notified by registered letter that credit has been discontinued. A follow-up billing shall be sent along with the notification letter. Interest on the outstanding balance will accrue from the 30th day from the date on the billing at the rate of 1.5% per month. Support Services will request the return of any ticket stock to debtor may have in his possession.
2. Sixty days after original payment due date, another billing will be sent to the debtor with a warning message such as, "This bill is overdue. Payment should be made immediately."
3. Ninety days after original payment due date, a collection letter will be prepared and sent to the debtor. A repayment agreement shall be required to continue doing business with the AMHS.
4. Authorization to continue making reservations will be discontinued if the payment agreement is not kept current. The Support Services Section will demand payment of any outstanding balance due from the collateral agent.
5. In the absence of required collateral, the collection policy outlined in the State Administrative Manual, Section AAM 45.020, Collection Policy, must be followed.

AUTHORITY

AAM 45.010; AAM 45.020; AAM 45.030

IMPLEMENTATION RESPONSIBILITY

The Support Services Section will set credit policies for each category of agents and individual creditors. No agent selling services of the AMHS will be extended credit without prior approval of the Manager of the Support Services Section. The Support Services Section will have all the collection responsibilities.