

**SENATE BILL REPORT**

**ESHB 2637**

**AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 25, 1994**

**Brief Description:** Developing a plan to increase collection of state-held bad debt.

**SPONSORS:** House Committee on State Government (originally sponsored by Representatives Karahalios, Reams, Foreman, Kessler, Roland, Brough, Zellinsky, B. Thomas, Linville, Eide, Springer, G. Fisher, R. Johnson, Finkbeiner, Rayburn, Hansen, Mastin, Patterson, Brown, Chandler, Morris, Flemming, Forner, Wolfe, Campbell, Johanson, Quall, Horn, Romero, Schoesler, Moak, Fuhrman, Dyer, Wood, L. Thomas, Tate, Mielke, Backlund and Long)

**HOUSE COMMITTEE ON STATE GOVERNMENT**

**SENATE COMMITTEE ON WAYS & MEANS**

**Majority Report:** Do pass.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Anderson, Bauer, Cantu, Gaspard, Hargrove, Ludwig, McDonald, Moyer, Owen, Pelz, Snyder, Spanel, Sutherland, Talmadge, West and Wojahn.

**Staff:** Steve Jones (786-7715)

**Hearing Dates:** February 24, 1994; February 25, 1994

**BACKGROUND:**

Agencies of state and local government are authorized to contract with licensed collection agencies to collect debt owed to the state or local government. A debt may be assigned to a collection agency only after an attempt has been made to notify the debtor.

**SUMMARY:**

The Office of Financial Management (OFM) is directed to develop a plan, involving the use of contracts with private collection agencies, to increase the collection of state debts where state employees have spent at least nine months trying to recover the debt. The plan may include the sale of state-held debt or the payment of a percentage of the receipts. The use of delinquency fees may also be considered. OFM shall submit its recommendations to the Legislature by October 15, 1994.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** available

**TESTIMONY FOR:**

The Office of Financial Management has been studying methods to increase collections of accounts receivable. OFM supports the legislation.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Mike Cheney, Office of Financial Management