

SENATE BILL REPORT

SB 5827

As Reported By Senate Committee On:
Government Operations, March 4, 1997

Title: An act relating to fees for judicial and nonjudicial collection of governmental debt by collection agencies.

Brief Description: Collecting the cost of governmental entities using collection agencies.

Sponsors: Senators Roach, Haugen and Long.

Brief History:

Committee Activity: Government Operations: 2/28/97, 3/4/97 [DPS].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: That Substitute Senate Bill No. 5827 be substituted therefor, and the substitute bill do pass.

Signed by Senators McCaslin, Chair; Hale, Vice Chair; Haugen, Horn, Patterson and Swanson.

Staff: Kathleen Healy (786-7403)

Background: Municipalities may contract with collection agencies to collect public debts. There must first be an attempt to advise the debtor of the existence of the debt, and that the debt may be assigned for collection if not paid. At least 30 days must elapse from the time the notice is sent to the debtor before the debt may be assigned to the collection agency.

The term debt– includes fines and other debts.

Summary of Substitute Bill: Municipalities may add a reasonable fee to the outstanding debt for the collection agency fee. A municipality may agree to a contingent fee of up to 50 percent of the unpaid debt as a reasonable fee for the collection agency. A minimum fee of the full amount of the debt up to \$100 per account is allowable. There is a presumption that any fee agreement entered into by the municipality is reasonable.

The term debt includes the collection agency fee, and restitution owed to victims of crime.

Substitute Bill Compared to Original Bill: Restitution owed to victims of crime becomes a part of the debt which municipalities may hire collection agencies to collect.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill is of primary benefit to the state. It is a no-cost item. This helps some of the smaller agencies. Other states allow this, but our state requires that it be specifically cited. This creates an incentive to send the account to a collection agency. This is nothing new; it simply needs clarification.

Testimony Against: None.

Testified: Mark Gjurasic, WCA (pro); Pete Rosvall, WCA (pro).