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**SUBSTITUTE HOUSE BILL 1512**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** House Committee on Government Administration (originally sponsored by Representatives Mulliken, Sheldon, Sherstad, Dunn, Boldt and Chandler)

Read first time 03/05/97.

1 AN ACT Relating to the use of collection agencies by governmental  
2 entities; and amending RCW 19.16.500.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 19.16.500 and 1982 c 65 s 1 are each amended to read  
5 as follows:

6 (1)(a) Agencies, departments, taxing districts, political  
7 subdivisions of the state, counties, and ((incorporated)) cities may  
8 retain, by written contract, collection agencies licensed under this  
9 chapter for the purpose of collecting public debts owed by any person,  
10 including any debt that is being collected on behalf of a third party,  
11 such as crime victim restitution or child support.

12 (b) Any governmental entity as described in (a) of this subsection  
13 using a collection agency may add a reasonable fee, payable by the  
14 debtor, to the outstanding debt for the collection agency fee incurred  
15 or to be incurred. The amount to be paid for collection services shall  
16 be left to the agreement of the governmental entity and its collection  
17 agency or agencies, but a contingent fee of up to fifty percent of the  
18 first one hundred thousand dollars of the unpaid debt per account and  
19 up to thirty-five percent of the unpaid debt over one hundred thousand

1 dollars per account is reasonable, and a minimum fee of the full amount  
2 of the debt up to one hundred dollars per account is reasonable. Any  
3 fee agreement entered into by a governmental entity is presumptively  
4 reasonable.

5 (2) No debt may be assigned to a collection agency unless (a) there  
6 has been an attempt to advise the debtor (i) of the existence of the  
7 debt and (ii) that the debt may be assigned to a collection agency for  
8 collection if the debt is not paid, and (b) at least thirty days have  
9 elapsed from the time ((the)) notice was ((sent)) attempted.

10 (3) Collection agencies assigned debts under this section shall  
11 have only those remedies and powers which would be available to them as  
12 assignees of private creditors.

13 (4) For purposes of this section, the term debt shall include fines  
14 and other debts, including the fee required under subsection (1)(b) of  
15 this section.

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