

# HOUSE OF REPRESENTATIVES

Olympia Washington

## BilAnalysis

Bill No. HB 1512

Collectingost/goventities/colleageencies  
Brief title

Public Arg: 2/12/97

Reps. Mulliken/Sheldon/Sherstad

Staff Contact B. Mauldin

Sponsor

Comm. on Govt. Admin.  
Phone: 786-7093

### **BACKGROUND:**

Governmental entities, including agencies, departments, taxing districts, counties, and incorporated cities, may contract with private licensed collection agencies for the purpose of collecting public debts owed by any person. Collection agencies on contract to governmental entities have no more remedies or powers available to them than when they are collecting on behalf of private creditors. In either case, a collection agency may only collect allowable interest, collection costs, or handling fees expressly authorized by statute, in addition to the outstanding principal. In the case of a suit, attorney fees and taxable court costs may also be collected.

### **SUMMARY**

Any governmental entity contracting with a collection agency will add a collection fee to the outstanding debt. The fee is 50 percent of the outstanding principal or \$50, whichever is greater. The debtor must pay this fee to the collection agency, and it constitutes a payment to the collection agency for costs incurred by the governmental entity.

**FISCAL NOTE:** Not requested.

**EFFECTIVE DATE:** Ninety days after adjournment of session in which bill is passed.