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ENGROSSED SUBSTITUTE HOUSE BILL 2637

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State of Washington

53rd Legislature

1994 Regular Session

By 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)

Read first time 02/04/94.

1 AN ACT Relating to increasing collection of state-held bad debt;  
2 and creating new sections.

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

4 NEW SECTION. **Sec. 1.** The legislature finds the state of  
5 Washington is holding significant levels of bad debt and should  
6 therefore evaluate all available means to increase the collection of  
7 debt and conserve scarce public resources. The private sector has  
8 proven efficient at the collection of Washington state-held bad debt.  
9 Therefore, the state should increase its efforts to collect bad debt  
10 through expanded partnerships with the private sector.

11 NEW SECTION. **Sec. 2.** The office of financial management shall  
12 develop a plan, involving the use of contracts with private companies,  
13 that is designed to increase the collection of debt held by the state  
14 that state employees have spent at least nine months trying to recoup.  
15 In developing a plan, the office shall consider increasing existing  
16 debt collection efforts through additional contracts: (1) To sell  
17 state-held debt for a single payment; and (2) with a private company  
18 for the collection of debt with the state receiving a percentage of the

1 collections. The plan must provide specific criteria for which types  
2 of agency debt are appropriate for private collections and at what  
3 point in the collections process the state should contract with private  
4 companies for debt collections. The plan must also include fiscal  
5 estimates of each option and a fiscal analysis of state agency  
6 implementation. Additionally, the office shall develop recommendations  
7 regarding the assessment of either delinquency or administrative fees,  
8 or both, on debtors of the state. The office shall make its  
9 recommendations to the appropriate fiscal committees of the legislature  
10 by October 15, 1994.

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