
SUBSTITUTE HOUSE BILL 2637

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

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

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