

REVENUE: No revenue impact

FISCAL: No fiscal impact

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|-----------------------|---|
| Action: | Do Pass |
| Vote: | 5 - 0 - 2 |
| Yeas: | Berger, Edwards C., Esquivel, Holvey, Schaufler |
| Nays: | 0 |
| Exc.: | Rosenbaum, Smith P. |
| Prepared By: | Theresa Van Winkle, Administrator |
| Meeting Dates: | 2/28, 3/9 |

WHAT THE MEASURE DOES: Permits a public body or a person using a private collection agency to add a fee in that in whole or in part compensates the public body or person for fees charged by the private collection agency. Declares an emergency, effective on passage.

ISSUES DISCUSSED:

- Average fee amounts charged by collection agencies
- Measure is a clarification of current statute regarding public agencies using private collection agencies to collect debt
- Process of public agencies utilizing collection agencies
- Potential financial impact to state agencies

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: State agencies are required to turn over delinquent and liquidated accounts to private collection agencies or to the Department of Revenue no later than 90 days from the date the account was liquidated if no payment has been received on the account, or 90 days from the date of receipt of the most recent payment on the account.

HB 2055 B (2003) allowed public agencies to charge the debtor for fees charged by a collection agency for recovery costs.

HB 2314 clarifies that the agency or person who uses a collection agency to collect debt can add an additional fee to the recovery cost that in whole or in part compensates for the fee charged by the collection agency. Debts of this nature may include amounts owed due to fines, civil penalties, contracts, arguments, or court orders.

Public agencies contract with collection agencies via a public bid process. Fees range from 10% to 20% of the debt amount being collected.