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# A BILL FOR AN ACT

RELATING TO DEBT COLLECTION.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Chapter 28, Hawaii Revised Statutes, is amended  
2 by adding two new sections to be appropriately designated and to  
3 read as follows:

4 "§28-A Collection of delinquent accounts. The attorney  
5 general shall assume the collection of delinquent accounts for  
6 any executive department, except the department of taxation and  
7 University of Hawaii, having an account due which is delinquent  
8 more than ninety days in accordance with section 40-82.5. The  
9 attorney general shall take appropriate action to recover  
10 delinquent amounts due on an account.

11 §28-B Civil recoveries fund. (a) There is established in  
12 the state treasury the civil recoveries fund into which shall be  
13 deposited:

14 (1) \_\_\_\_\_ per cent of any moneys collected by the attorney  
15 general for any executive department which has turned  
16 over delinquent accounts for collection pursuant to  
17 section 40-82.5(b); and

18 (2) Appropriations made by the legislature.



1        (b) The civil recoveries fund shall be administered by the  
2 department of the attorney general and shall be used for  
3 expenditures relating to the collection of delinquent accounts  
4 of executive departments, including expenditures for training or  
5 educational resources, all appropriate non-litigation collection  
6 methods, filing fees, and litigation costs.

7        (c) The department of the attorney general shall submit a  
8 report to the legislature no later than twenty days prior to the  
9 convening of each regular session to provide an accounting of  
10 the receipts and expenditures of the fund."

11        SECTION 2. Section 40-82, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13        "~~(a) [The directors, boards, or executive heads of~~  
14 ~~executive departments, from time to time, may prepare and submit~~  
15 ~~for the review of the attorney general a list of all~~  
16 ~~uncollectible accounts in their departments. Such accounts as~~  
17 ~~the attorney general finds to be]~~ The attorney general may, from  
18 time to time, prepare a list of delinquent accounts that are  
19 uncollectable and for which the attorney general has assumed the  
20 collection in accordance with section 40-82.5(b). The  
21 delinquent accounts that the attorney general finds to be  
22 uncollectible shall be entered in a special record and be



1 deleted from the accounts receivable records of the departments,  
2 ~~[which]~~ and the department and the attorney general shall  
3 thereupon be relieved from any further accountability for their  
4 collection; provided that no account shall be so deleted until  
5 it shall have been delinquent for at least two consecutive  
6 years. Any account entered in the special record shall be  
7 transferred back to the current accounts receivable if the  
8 attorney general finds that the facts as alleged ~~[and presented~~  
9 ~~to the attorney general]~~ were not true, or that the account has  
10 become collectible.

11 As used in this section, "uncollectible account" means an  
12 account with regard to which:

- 13 (1) The debtor or party causing damage to property  
14 belonging to the State is no longer within the  
15 jurisdiction of the State;
- 16 (2) The debtor or party causing damage to property  
17 belonging to the State cannot be located;
- 18 (3) The party causing damage to property belonging to the  
19 State is unknown or cannot be identified;
- 20 (4) The ~~[debtor has filed for]~~ debt has been discharged in  
21 bankruptcy ~~[and has listed the State as a creditor];~~  
22 or



1 (5) Any other account as may be deemed by the attorney  
2 general to be uneconomical or impractical to collect."

3 SECTION 3. Section 40-82.5, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§40-82.5 Delinquent accounts, collection.** [~~Any state~~  
6 ~~agency]~~ (a) The judiciary, department of taxation, or  
7 University of Hawaii, having an account due which is delinquent,  
8 may contract with a collection agency bonded under chapter 443B  
9 for collection of the delinquent account. The [~~chairperson or~~  
10 ~~director of the agency]~~ judiciary, department of taxation, or  
11 University of Hawaii may make an agreement with the agency  
12 regarding the amount to be retained by it for services.

13 (b) Any executive department, except the department of  
14 taxation or University of Hawaii in accordance with subsection  
15 (a), having an account due which is delinquent more than ninety  
16 days shall turn the delinquent account over to the attorney  
17 general for collection. For all accounts successfully collected  
18 for an executive department by the attorney general, the  
19 attorney general shall retain per cent to be deposited in  
20 the civil recoveries fund in accordance with section 28-B(a)(1),  
21 and the remainder of the moneys collected shall be returned to



1 the executive department to be deposited into the fund or  
2 expended for the purpose for which it was originally intended."

3 SECTION 4. In codifying the new sections added by section  
4 1 of this Act, the revisor of statutes shall substitute  
5 appropriate section numbers for the letters used in designating  
6 the new sections in this Act.

7 SECTION 5. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on July 1, 2030.



**Report Title:**

Attorney General; Collections; Delinquent Accounts

**Description:**

Authorizes the Attorney General to collect accounts delinquent for more than ninety days for the departments, except the Department of Taxation and University of Hawaii, and retain an unspecified per cent of moneys recovered for deposit into a newly-established fund. Allows the Judiciary, Department of Taxation, and the University of Hawaii to contract a collection agency to collect on delinquent accounts. Effective July 1, 2030. (HB2361 HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

