

JAN 20 2012

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 Collects delinquent accounts. The attorney general
5 shall assume the collection of delinquent accounts for any
6 executive department, excepting the University of Hawaii, having
7 an account due which is delinquent more than ninety days in
8 accordance with section 40-82.5. The attorney general shall
9 take appropriate action to recover delinquent amounts due on an
10 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 but not limited to
5 expenditures for training or educational resources, all
6 appropriate non-litigation collection methods, filing fees, and
7 litigation costs.

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

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

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



1 shall be entered in a special record and be deleted from the
2 accounts receivable records of the departments, which department
3 and the attorney general shall thereupon be relieved from any
4 further accountability for their collection; provided that no
5 account shall be so deleted until it shall have been delinquent
6 for at least two consecutive years. Any account entered in the
7 special record shall be transferred back to the current accounts
8 receivable if the attorney general finds that the facts as
9 alleged [~~and presented to the attorney general~~] were not true,
10 or that the account has 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 bankruptcy and has listed the
21 State as a creditor; 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 or University of Hawaii, having an
7 account due which is delinquent, may contract with a collection
8 agency bonded under chapter 443B for collection of the
9 delinquent account. The [~~chairperson or director of the agency]~~
10 judiciary or University of Hawaii may make an agreement with the
11 agency regarding the amount to be retained by it for services.

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



1 SECTION 4. In codifying the new sections added by section
2 1 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

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

7 SECTION 6. This Act shall take effect upon July 1, 2012.

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INTRODUCED BY:

John Ryan (br)



S.B. NO. 2513

Report Title:

Attorney General; Collections; Delinquent Accounts

Description:

Provides that the Attorney General shall collect accounts delinquent for more than 90 days for executive departments, excepting the University of Hawaii. Creates a fund into which an unspecified percent of any money recovered by the Attorney General will be deposited, while the remainder will be returned to the department from which it came. Allows the Attorney General to list and eliminate uncollectable accounts based upon certain criteria.

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

