

STAND. COM. REP. NO.

2911

Honolulu, Hawaii

MAR 22 2012

RE: H.B. No. 2361
H.D. 2
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Judiciary and Labor, to which was referred
H.B. No. 2361, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO DEBT COLLECTION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of the Attorney General to collect delinquent accounts for executive departments, except for the Department of Taxation and the University of Hawaii, that are delinquent for more than ninety days;
- (2) Establish a civil recoveries fund into which shall be deposited an unspecified percentage of any monies collected by the Department of the Attorney General for any executive department that has turned over to the Department delinquent accounts for collection, to be used for collection-related expenses, training, education, and appropriate non-litigation collection methods, filing fees, and litigation costs;
- (3) Require the Department to submit to the Legislature an annual report to provide an accounting of the receipts and expenditures of the civil recoveries fund;



- (4) Allow the Department to determine whether to write off accounts deemed uncollectable based on certain criteria; and
- (5) Allow the Judiciary, Department of Taxation, and University of Hawaii to contract with a collection agency to collect on delinquent accounts.

Your Committee received testimony in support of this measure from the Department of the Attorney General and Department of Transportation. Testimony in opposition to this measure was submitted by the Department of Budget and Finance and Department of Commerce and Consumer Affairs. The Department of Taxation submitted comments.

Testimony in opposition to this measure indicates that state agencies should be provided the option to receive collection services from the Department of the Attorney General rather than be statutorily required to turn over their delinquent accounts to the Department of the Attorney General for collection. The Department of Transportation indicated that this statutory requirement deprives a department of its discretion to enter into discussions with a party to a contract or agreement without involving legal counsel.


Your Committee has amended this measure by adopting the amendments suggested by the Department of the Attorney General by:

- (1) Retaining the authority of all heads of executive departments to prepare and submit for review by the Department of the Attorney General a list of all uncollectable accounts in their departments rather than authorizing the Department of the Attorney General to make this determination;
- (2) Providing all executive departments with the discretion to contract with a collection agency to collect on delinquent accounts or turn over accounts delinquent for more than ninety days to the Department of the Attorney General to handle the collection; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Judiciary and Labor that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2361, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2361, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Judiciary and
Labor,



CLAYTON HEE, Chair



