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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 a new section to be appropriately designated and to  
3 read as follows:

4           "§28-       Civil recoveries fund. (a) There is established  
5 in the state treasury the civil recoveries fund into which shall  
6 be deposited:

7           (1)       per cent of any moneys collected by the attorney  
8       general for any executive department which has turned  
9       over delinquent accounts for collection pursuant to  
10       section 40-82.5(b); and

11           (2) Appropriations made by the legislature.

12           (b) The civil recoveries fund shall be administered by the  
13 department of the attorney general and shall be used for  
14 expenditures relating to the collection of delinquent accounts  
15 of executive departments, including expenditures for training or  
16 educational resources, all appropriate non-litigation collection  
17 methods, filing fees, and litigation costs.



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

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

7        "(a) ~~[The directors, boards, or executive heads of~~  
8 ~~executive departments, from time to time, may prepare and submit~~  
9 ~~for the review of the attorney general a list of all~~  
10 ~~uncollectible accounts in their departments. Such accounts as~~  
11 ~~the attorney general finds to be]~~ The attorney general may, from  
12 time to time, prepare a list of delinquent accounts that are  
13 uncollectable and for which the attorney general has assumed the  
14 collection in accordance with section 40-82.5(b). The  
15 delinquent accounts that the attorney general finds to be  
16 uncollectible shall be entered in a special record and be  
17 deleted from the accounts receivable records of the departments,  
18 [which] and the department and the attorney general shall  
19 thereupon be relieved from any further accountability for their  
20 collection; provided that no account shall be so deleted until  
21 it shall have been delinquent for at least two consecutive  
22 years. Any account entered in the special record shall be



1 transferred back to the current accounts receivable if the  
 2 attorney general finds that the facts as alleged [~~and presented~~  
 3 ~~to the attorney general~~] were not true, or that the account has  
 4 become collectible.

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

- 7 (1) The debtor or party causing damage to property  
 8 belonging to the State is no longer within the  
 9 jurisdiction of the State;
- 10 (2) The debtor or party causing damage to property  
 11 belonging to the State cannot be located;
- 12 (3) The party causing damage to property belonging to the  
 13 State is unknown or cannot be identified;
- 14 (4) The [~~debtor has filed for~~] debt has been discharged in  
 15 bankruptcy [~~and has listed the State as a creditor~~];  
 16 or
- 17 (5) Any other account as may be deemed by the attorney  
 18 general to be uneconomical or impractical to collect."

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

21 "**§40-82.5 Delinquent accounts, collection.** [~~Any state~~  
 22 ~~agency~~] (a) The judiciary, department of taxation, or



1 University of Hawaii, having an account due which is delinquent,  
2 may contract with a collection agency bonded under chapter 443B  
3 for collection of the delinquent account. The [~~chairperson or~~  
4 ~~director of the agency~~] judiciary, department of taxation, or  
5 University of Hawaii may make an agreement with the agency  
6 regarding the amount to be retained by it for services.

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

19 SECTION 4. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 1, 2013.

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INTRODUCED BY: myllh

Bill Fubund

Karl Rhoad

Don

Ray

Tom Brun

Gene Ward

Don Stang

RF

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# H.B. NO. 1342

**Report Title:**

Attorney General; Loan Servicing; Delinquent Accounts

**Description:**

Requires the Attorney General to collect on accounts delinquent for more than ninety days for executive departments, except the Department of Taxation and University of Hawaii, and retain an unspecified per cent of moneys recovered on delinquent accounts for deposit into a newly-established fund. Allows the Department of Taxation, the University of Hawaii, and the Judiciary to contract with a collection agency to collect on delinquent accounts. Effective July 1, 2013.

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

