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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 may assume the collection of delinquent accounts for any  
6 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 uncollectible shall be entered  
18 in a special record and be deleted from the accounts receivable  
19 records of the departments, which shall thereupon be relieved  
20 from any further accountability for their collection; provided  
21 that no account shall be so deleted until it shall have been  
22 delinquent for at least two consecutive years. Any account



1 entered in the special record shall be transferred back to the  
2 current accounts receivable if the attorney general finds that  
3 the facts as alleged and presented to the attorney general were  
4 not true, or that the account has 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 the debtor has listed the State as a  
16 creditor; 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.** (a) Any state  
22 agency having an account due which is delinquent, may contract



1 with a collection agency bonded under chapter 443B for  
2 collection of the delinquent account. The chairperson or  
3 director of the agency may make an agreement with the agency  
4 regarding the amount to be retained by it for services.

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

15 SECTION 4. In codifying the new sections added by section  
16 1 of this Act, the revisor of statutes shall substitute  
17 appropriate section numbers for the letters used in designating  
18 the new sections in this Act.

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 Statutory material to be repealed is bracketed  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

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



**Report Title:**

Attorney General; Collection of Delinquent Accounts

**Description:**

Allows the Attorney General to assume the collection of accounts delinquent for more than ninety days for executive departments, except for the department of taxation and University of Hawaii. Establishes a civil recoveries fund into which shall be deposited an unspecified percentage of any moneys collected by the attorney general for any executive department that has turned over delinquent accounts for collection. Allows the heads of executive departments to contract with a collection agency to collect on delinquent accounts. Effective 07/01/30.  
(SD1)

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

