

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 725 (Washington County Delegation)
Environmental Matters

Washington County - Collection of Debts Owed to Housing Authorities - Central
Collection Unit

This bill allows the Central Collection Unit (CCU) to collect debts owed to a housing authority in Washington County. This authority is contingent upon the commissioners of the housing authority adopting and submitting to CCU a resolution appointing it as the collector of delinquent accounts or other debt.

The bill takes effect October 1, 2007, and terminates on September 30, 2010.

Fiscal Summary

State Effect: Special fund revenues could increase from FY 2008 through 2011 from CCU collecting debts owed to housing authorities in Washington County; however, CCU advises that the collection rate associated with these debts is likely to be minimal. Expenditures would not be affected.

Local Effect: Washington County housing authorities could receive additional revenues from CCU collecting outstanding debts. Expenditures would not be affected.

Small Business Effect: None.

Analysis

Current Law: CCU is responsible for collecting any delinquent accounts or debts owed to the State, except for:

- taxes;
- child support payments;
- unemployment insurance contributions or overpayments;
- fines;
- court costs;
- bond forfeitures;
- monies owed due to default on loans made by the Department of Business and Economic Development or the Department of Housing and Community Development; or
- certain insurance payments.

Debts collected by CCU are paid to the State Treasury and are subject to a 17% fee for administrative expenses. The fee revenues are deposited into the Central Collection Fund to pay for CCU's operating expenses. Therefore, CCU is entirely self-sustaining.

CCU is authorized to use any actions available to it under State law to collect debts or claims, including placing liens on property owned by debtors to the State.

Background: It has been reported that the Washington County Housing Authority is owed approximately \$10,000 from seven families who used to rent through the county; and the Hagerstown Housing Authority is owed \$120,000 a year from former tenants, either from rent or damage to apartments.

State Revenues: CCU revenues would increase due to the 17% collection fee imposed on outstanding debts; however, the magnitude of this effect cannot be reliably estimated at this time. The value of the delinquent accounts is estimated to be \$130,000 annually, but CCU advises that the collection rate will be low due to the financial situations of the individuals owing the money.

State Expenditures: CCU estimates that it would be required to collect approximately 260 accounts annually, if all delinquent accounts were transferred to CCU. Account management could be handled with existing personnel. CCU estimates that it would send 770 letters annually for these accounts, for a cost of \$1,060 annually. Legislative Services advises that this could be handled with existing resources.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Washington County, Department of Housing and Community Development, Department of Budget and Management, Department of Legislative Services

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ncs/hlb

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