

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1084 (Washington County Delegation)
Environmental Matters

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

This bill authorizes 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, 2008 and terminates September 30, 2011.

Fiscal Summary

State Effect: Special fund revenues could increase from FY 2009 through 2012 from the collection by CCU of 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 the collection of all delinquent accounts and debts owed to the State other than taxes, child support, unemployment insurance contributions, and overpayments. The Central Collection Fund (CCF) consists of funds accumulated by CCU. Monies in CCF support CCU operations and do not revert to the general fund.

Background: Typical debts collected by CCU are student tuition and fees, restitution for damage to State property, reimbursement for institutional care, local health department fees, Workers' Compensation premiums, Home Improvement Commission awards, and State grant overpayments. In recent years, CCF income from debts collected has exceeded CCU expenditures by approximately \$8 million annually.

The Washington County Housing Authority is owed approximately \$10,000 annually from several rental households. In addition, the Hagerstown Housing Authority is owed approximately \$120,000 a year from former tenants, either from rental arrearages or from 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. Although the value of the delinquent accounts is likely to be over \$100,000 annually, the collection rate will be low due to the financial situation of many of the individuals owing the money.

State Expenditures: Under the bill, CCU estimates that it would be required to collect approximately 260 accounts annually, if all delinquent accounts were transferred to CCU. Management of these accounts could be handled with existing personnel. CCU would need to send 770 letters annually to manage these accounts, at a cost of approximately \$1,060 annually. Legislative Services advises that this cost could be handled within existing budgeted resources.

Additional Information

Prior Introductions: An identical bill, HB 725 of 2007, was heard by the House Environmental Matters Committee but further action was taken.

Cross File: None.

Information Source(s): Washington County, Comptroller's Office, Department of Housing and Community Development, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2008
mll/hlb

Analysis by: Evan M. Isaacson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510