

## Department of Planning and Budget

### 2018 Fiscal Impact Statement

**1. Bill Number:** HB247

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron:** Jason S. Miyares

**3. Committee:** Courts of Justice, Sub-committee #2

**4. Title:** Office of the Attorney General; debt collection; fees.

**5. Summary:** Limits the fee for collection of student debt on behalf of a public institution of higher education to 15 percent of the amount due.

**6. Budget Amendment Necessary:** Yes.

**7. Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2018			
2019	(\$201,000) to (\$402,000)	-2 to -4	NGF
2020	(\$201,000) to (\$402,000)	-2 to -4	NGF
2021	(\$201,000) to (\$402,000)	-2 to -4	NGF
2022	(\$201,000) to (\$402,000)	-2 to -4	NGF
2023	(\$201,000) to (\$402,000)	-2 to -4	NGF
2024	(\$201,000) to (\$402,000)	-2 to -4	NGF

**7b. Revenue Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2019	(\$305,619)	NGF
2020	(\$305,619)	NGF
2021	(\$305,619)	NGF
2022	(\$305,619)	NGF
2023	(\$305,619)	NGF
2024	(\$305,619)	NGF

**8. Fiscal Implications:** The Attorney General and Department of Law (OAG) indicates that this bill will have a negative impact on revenue into the Division of Debt Collection (DDC), thus reducing nongeneral funds that support staff and appropriation.

The reduction of the collection rate from 30% to 15% on student debt will result in a revenue loss of approximately \$305,619 per year for the DDC. This bill would make it difficult for

DDC to retain outside counsel to collect student debt on behalf of higher education institutions. A 15% contingency fee is below the prevailing market rate for debt collection legal services. But any counsel retained by DDC to handle student cases could not charge a higher rate than 15%. Therefore, the pool of attorneys willing to accept this work will be smaller, which may harm DDC's ability to refer this work out.

The result of loss of revenue will be staff reduction. The 2-4 positions to be eliminated do not only serve higher education, but collection efforts as a whole.

**9. Specific Agency or Political Subdivisions Affected:** Attorney General and Department of Law - Division of Debt Collection.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:**