

2019 HOUSE POLITICAL SUBDIVISIONS

HB 1444

2019 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Prairie Room, State Capitol

HB 1444
2/7/2019
32412

- Subcommittee
 Conference Committee

Committee Clerk Signature	Carmen Hickle	By: Elaine Stromme
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Explanation or reason for introduction of bill/resolution:

Relating to the authority of the county commission to compromise and settle debt obligations

Minutes:

Attachment # 1

Vice Chairman Pyle: Opened the hearing on HB 1444

Chairman J. Dockter: (Attachment # 1) Introduced the bill, this bill says the county commissioners may contact a third party debt collector to try and collect fees.

Rep. Adams: So can the county contract a debt collector at fifty cents on the dollar?

Chairman J. Dockter: No, the county can go into a contract with a debt collector and give them a percentage of the money actually collected. Because the county doesn't have enough workers to collect the fines.

Rep. Johnson: So in the original statute the receipts would go to the county, now they go to the State Treasurer?

Chairman J. Dockter: Aaron Burst will answer that question.

Aaron Burst: Association of Counties. Why has this change? This is an old statute that should have been updated years ago.

Rep K. Koppelman: So if we decide to kill the bill there is still language that needs to be updated right?

Aaron Burst: Yes.

Rep K. Koppelman: Is there some problem with the county in their ability to collect money?

Mr. Burst: We will be working with the counties to make sure its good public policy

Rep. Hatlestad: Why can't the state contract with the debt collector?

Mr. Burst: If you think there is a better solution. We would be willing to work on it.

Chairman J. Dockter: We did talk with the state and went back and forth and this is what we came up with.

Rep. Ertelt: Do you know in subsection 2; does the district court have that authority to make that conversion if so requested?

Mr. Burst: The county wouldn't have that authority the county would have to go to the district court and say, " there is still money uncollected turn it to a civil judgement and we will take care of it then we would take care of enforcing that civil judgement order. So there would still have to be a state's attorney involved, with the district court.

Hearing closed of HB 1444

2019 HOUSE STANDING COMMITTEE MINUTES

Political Subdivisions Committee
Prairie Room, State Capitol

HB 1444
2/14/2019
32799

- Subcommittee
 Conference Committee

Committee Clerk Signature	Carmen Hickle	By: Elaine Stromme
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Explanation or reason for introduction of bill/resolution:

Relating to the authority of the county commission to compromise and settle debt obligations.

Minutes:

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Chairman J. Dockter: This is the bill that says the County commissioners may have a contract with the debt collectors to collect outstanding debt.

Rep. Ertelt: Before we act on this I would like a little clarification. The compromise for settlement is between county and the individual?

Chairman J. Dockter: It's not back taxes, it is fines and restitution and they don't have the resources to pay for. In the first part of the bill it says after a lapse of 2 years compiling a judgement, the board of county commissioner determines the judgement cannot be collected in full.

Rep. Ertelt: The question is who the compromise is between. Typically, the private debt collection often settles for a lower amount than what is actually due. That compromise has to take place ahead of the collection.

Chairman J. Dockter: I worked with the Association of Counties to come up with this language.

Rep K. Koppelman: What concerns me is subsection 4, private debt collection companies going out and essentially doing the work of the political subdivisions to collect debts. Is there public policy on that?

Chairman J. Dockter: We outsource all the time.

Rep K. Koppelman: Then the county loses money because you have to pay them. I would rather see the county work a little harder to collect. **I would motion to amend the bill to delete subsection 4.**

Rep. Ertelt: Seconded the amendment to delete subsection 4.

Rep. Longmuir: This money doesn't go back to the county it goes to the state.

Rep K. Koppelman: It's still the tax payers. If they don't have the ability to negotiate and this bill will give them the authority, why not let them try that.

Chairman J. Dockter: The only reason I am bringing it up is because they had a national meeting and this is happening all over the country.

Rep. Hatlestad: Does this apply only under the county or does this include current state issues as well?

Chairman J. Dockter: It is anything that is on the books. They have money back from the 80's that they haven't collected.

Rep. Adams: If we strike out 4 then it puts the collection back on to the counties. Section 4 just lets them contact the collection agency like the hospitals do.

Rep K. Koppelman: What the bill would do without subsection 4 would give the authority to compromise and convert it into civil judgement, once the judgement is filed that is a legal action that appears on peoples' records and has some consequences.

Rep. Adams: You are right on a judgement they can garnish wages. A civil judgement goes on their credit record, then you can't borrow money or anything.

Rep K. Koppelman: So whatever money they would have paid the collection agencies to collect is in their negotiating power.

Rep. Simons: Why wouldn't the county do a home lean instead? If the county wants to they could put a lean on someone's property.

Chairman J. Dockter: The reason we are at this point is that there is sixty-five million Dollars outstanding. This gives the counties an alternative.

Rep. Fegley: As I read this bill they already have a judgment for 2 years. In section 4 they "may" contract with services.

Rep. Hatlestad: If we take out section 4 does the money go back to the court rather than to the county general fund?

Chairman J. Dockter: Yes, that is correct. If you take section 4 out it will go back to the state not counties.

Rep K. Koppelman: I would **amend my motion** to just take out the first sentence on subsection 4 on the amendment.

Rep. Ertelt: second

Vice Chairman Pyle: Section one it says the fines and cost payable to state treasurer. Why can't they Contract with a collection agency and be done. Otherwise they would have to hire someone to collect the money.

Chairman J. Dockter: We have a motion and a second we will take a voice vote.

Voice vote failed.

Rep K. Koppelman: The language in the bill is contradictory, first it says the money goes to the state and at the end it says that it goes to the county general fund.

Terry Traynor: I understand to make it worthwhile

Chairman J. Dockter: He had to put it in then the state would reimburse the counties.

Terry Traynor: That is my understanding as well.

Rep. Johnson: Because you are going to contract with a private debt collection agency Then you have to have a conduit by witch those funds are moved around. Then they could forward any remaining balance to the state treasure, that could be contractual. Is it the purpose for the state treasurer to pay it back to the county?

Rep. Johnson: I believe it is because the state took over the court system from the counties. Then it would make sense with that last line. Why would they forward it back to the counties?

Rep. Simons: What does this reference to; "the state is acting as the court"

Rep K. Koppelman: Several years ago we had court unification and prior to that we had county courts and a state court system. We now have the district courts.

Rep. Johnson: I believe section 1 is an island because you can settle a judgement and forward the proceeds to the state. The other section says they can engage the services of a private debt collector and in that case the proceeds go to the county. But those are two different methods of collection.

Chairman J. Dockter: They would like clarification of the bill. Where it says the proceedings which are payable to the state treasurer and why that language was put it.

Arron Burst: It's under the old statute that hasn't been used for 30 years since the court consolidation, all the fines and fees went to the state side. This old law should be addressed again. But section 4 says the revenue that is brought in from the collection agencies can be kept at the local level.

Rep K. Koppelman: Explain how the money flows. Does it flow from the state treasurer to the county or are we sort of intercepting the money?

Mr. Burst: The concept is the court orders me to pay money and that goes to the state. The concept would be the county can negotiate and that money can stay at the county side.

Rep K. Koppelman: So the compromise would be in subsection one of the bill is that between the county and the debtor?

Mr. Burst: That is correct.

Rep K. Koppelman: The offender has not paid the bill; we want to negotiate. Then the bill contemplates and there is no compromise, so now we are going to send a debt collector after you. Wouldn't the county be in a better position to take half of the amount owed instead of paying a debt collector ½ of the bill?

Mr. Burst: All good concepts. Two years has gone by; the county could tell the debtor pay us 2/3 of the price. The concept would be if he says he will not pay you then the county could wash their hands and give it to the debt collector.

Rep K. Koppelman: The bill doesn't have that other step you are talking about.

Chairman J. Dockter: This is open ended for the counties. They may or may not.

Rep K. Koppelman: I wonder if Mr. Burst would recommend some language in subsection 4 that might accomplish that.

Mr. Burst: We have no problem with that. There is 65 million of uncollected revenue.

Rep. Johnson: Was it the intent of the counties to attempt to collect before engaging a debt collector? Can't you find them?

Mr. Burst: Yes, the people are missing or whatever.

Rep K. Koppelman: What if it said **on line 19; in absence of a compromise or settlement or after one year has passed following a compromise or settlement the county may contract.**

Mr. Burst: I have no problem with that.

Mr. K Koppelman: I will make that motion.

Rep. Johnson: second

Chairman J. Dockter: All in favor of the motion.

Voice Vote carried

Rep. Johnson: Moves a do pass as amended on HB 1444

Rep K. Koppelman: second

House Political Subdivisions Committee

HB1444

2/14/2019

Page 5

A roll call vote was taken: Yes 14 No 0 Absent 0

Do Pass As Amended on HB 1444 Carries

Rep. Johnson: will carry HB 1444

19.1052.01001
Title.02000

Adopted by the Political Subdivisions
Committee

February 14, 2019

DP 2/11/19

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1444

Page 1, line 19, replace "Upon" with "In the absence of a compromise or settlement, or after one year has past following the date of"

Renumber accordingly

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1444**

House Political Subdivisions Committee

Subcommittee

Amendment LC# or Description: Delete 1st sentence of Subsection 4

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Rep Koppelman Seconded By Rep. Ertelt

Representatives	Yes	No	Representatives	Yes	No
Chairman J. Dockter:					
Vice Chairman Pyle:					
Rep. Ertelt:					
Rep. Fegley:					
Rep. Hatlestad:					
Rep. Johnson					
Rep K. Koppelman:					
Rep. Longmuir					
Rep. Magrum:					
Rep. Simons:					
Rep. Toman:					
Rep. Strinden:					
Rep. Adams:					
Rep. Guggisberg					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

VOICE VOTE FAILED

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB1444**

House Political Subdivisions Committee

Subcommittee

Amendment LC# or Description: 19.1052.01001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Rep Koppelman Seconded By Rep. Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman J. Dockter:					
Vice Chairman Pyle:					
Rep. Ertelt:					
Rep. Fegley:					
Rep. Hatlestad:					
Rep. Johnson					
Rep K. Koppelman:					
Rep. Longmuir					
Rep. Magrum:					
Rep. Simons:					
Rep. Toman:					
Rep. Strinden:					
Rep. Adams:					
Rep. Guggisberg					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

VOICE VOTE CARRIED

**2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB1444**

House Political Subdivisions Committee

Subcommittee

Amendment LC# or Description: 19.1052.01001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Rep Johnson Seconded By Rep. Koppelman

Representatives	Yes	No	Representatives	Yes	No
Chairman J. Dockter:	X				
Vice Chairman Pyle:	X				
Rep. Ertelt:	X				
Rep. Fegley:	X				
Rep. Hatlestad:	X				
Rep. Johnson	X				
Rep K. Koppelman:	X				
Rep. Longmuir	X				
Rep. Magrum:	X				
Rep. Simons:	X				
Rep. Toman:	X				
Rep. Strinden:	X				
Rep. Adams:	X				
Rep. Guggisberg	X				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Rep. Johnson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1444: Political Subdivisions Committee (Rep. Dockter, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1444 was placed on the Sixth order on the calendar.

Page 1, line 19, replace "Upon" with "In the absence of a compromise or settlement, or after one year has past following the date of"

Renumber accordingly

2019 SENATE POLITICAL SUBDIVISIONS

HB 1444

2019 SENATE STANDING COMMITTEE MINUTES

Political Subdivisions Committee Red River Room, State Capitol

HB 1444
3/22/2019
Job # 34155

- Subcommittee
 Conference Committee

Committee Clerk: Mary Jo Wocken

Explanation or reason for introduction of bill/resolution:

Relating to the authority of the county commission to compromise and settle debt obligations.

Minutes:

Written attachment #1: Mr. Brian Balerud
Written attachment #2: Mr. Craig Enderle

Chairman Burckhard opened the hearing on HB1444. All senators are present.

Representative Jason Dockter: District 7, sponsor and spoke in favor of HB1444. I was brought to me by a constituent. I passed out testimony to the clerk for this individual. His name is Brian Balerud, with AR Audit Services. **Written attachment #1.** He went to a national conference and they were told that there was a lot of fines and unpaid fees that the counties aren't collecting. So what this bill would do, would allow a county to go into a contract, a third party contract with a debt collection agency to collect their unpaid fines. There is over \$65 Million dollars in the state of North Dakota accounts receivable for various fines throughout the state. This just gives the county an option. If you look at the bill, when we had it in the House, it states that it has to go to State Treasurer and if anyone's been around the Legislature, several ago, the state took over the court system. So the money would have to go to the State Treasurer but it would go back to the county and then the county with the contract that they have with the debt collector, then they would get their fee. So there is a little confusion when we had it in the House. Aaron Birst with the Association of Counties, helped me put the drafting with the Legislative Council, so if there is, any more technical questions he can answer them to the committee.

Senator Anderson: I was just going to point out, Representative Dockter has a lot of power over in the House, its only his name on the bill with no senator on the bill.

Chairman Burckhard: You are the chairman of the Political Subs committee are you not?

Representative Dockter: You guys are always so busy, I couldn't find any senators, so I thought I would just represent myself.

Senator Dotzenrod: I see like on line 15, you use the term civil judgment, this would not apply like to child support enforcement, other types of debts that may be incurred. Is it pretty much that alone, civil judgment or am I missing some other things that would be?

Representative Dockter: If you look on line 8 and 9, it says if after a lapse of 2 years from the filing of a judgment the Board of County Commission determines the judgment cannot be collected in full, then it would go. See I don't believe it would be for child support or anything else. It would be like any judgment, fines or anything the county has assessed on the individual and they have not paid their obligation. So they are sitting on the books. My theory on this is even if the county pays a debt collector 20%-30% whatever the amount is, whatever they get is more than they had before, because what we've heard from counties is they just don't have the staffing to go out and search and try to find these people and collect the money for the counties. There are understaffed the way it is and for them to put this is just an added burden. This is just an option if counties want to do it or not.

Senator Judy Lee: I was just going to elaborate a little bit. Child support would not be effected because its collected by the state and distributed by the state. So it doesn't go through the county anymore. I don't know about the rest, but I do know Senator Dotzenrod that child support would not covered.

Aaron Birst: Association of Counties: In support of the bill. Quite frankly this isn't the bill we developed. Representative Jason Dockter, called me during the interim and expressed some concerns that he heard that there was \$65Million dollars outstanding and quite frankly got \$65M dollars of state dollars, it is not county dollars. But counties collect the dollar amounts on the criminal justice side. In 1991, the state took over the county judges, and they became state judges. As part of that negotiation process, very similar to what we're doing in social services, the state said if we take on the responsibility of the judges we are going to take all the fines and fees that the counties were getting. That was the compromise. So, at that point in time, since 1991, counties have really not been engaged in the debt collection process. As state attorneys who are county based, get the fines and fees, we order the fines and fees through the court system but then the court collects the money. This statute 29.26-22.2 is actually an old statute that has never been used before. When I spoke with Representative Dockter we had an exchange, and we said, well maybe a private debt collector could be employed by the court. So we talked with the court system and they said well, that is conflict of interest. We are setting the fines and we don't want to be collecting the fines. We talked to the state treasurer, and we said maybe this would fit in your shop, and ultimately the state treasurer said I don't believe this is a good fit. I am willing to look at it, but, it's not a good fit. So ultimately at the end of the day, Representative Dockter and myself said, well maybe there's a way that the counties could be involved in this where we hire the private debt collector. I made it very clear with Representative Dockter, that the counties would object to this, if this mandated the counties to hire debt collectors. There is some reservation whether this would work or not but we thought that as long as its discretionary it gives the county the opportunity to work with the debt collectors. This is something we would consider. Just to walk you through the bill. To get to Senator Dotzenrod' s point, this is criminal proceedings only, so child support and those kinds of things would not be involved in this. This would be again, if I get charged with a DUI and I am ordered to pay \$1000, and I don't pay. At some point in time, many people don't pay their fines and fees but that's because it's squeezing blood from a turnip. But at this point in time, the county then could contract with a debt collector service and say, hey, we don't have the people here to get this

money, see if you can garnish their wages, or see if they've won the lottery, and then we could contract that service. So that's the concept here. Now again, because the counties would be taking on this responsibility that why Section 4 says, if money is collected through this process, the county would keep it. Because really they are undertaking the effort. So this would divert what is technically state dollars to the county side. But the state is giving up because the state is not trying to get the money. So that is the concept there.

Senator Anderson: Typically let's say for example, some attorneys took some of their clients' money and that went through the Bar, and the Bar pulled their licenses and the Bar says come get your license back once your restitution is made. Now that's not in this process?

Mr. Aaron Birst: No, it would not be in this process unless of course the state's attorney felt that there was a theft or a fraud and then brought a criminal action against the attorney. So just in terms of Bar license even for pharmacy or whatever that would be handled by the overseeing jurisdiction unless we charge it criminally. We have done that. We've charged a number of attorneys with crimes for stealing money from their clients. So then that would apply in this.

Senator Diane Larson: I can see this as becoming kind of, I can just picture the phone call. Hello, the IRS is sending federal agents to come and pick you up right now, unless you pay. People thinking it's a scam call.

Mr. Aaron Birst: That is always a concern when you're talking about private debt collectors. There's lack of control. What I am suggesting is because this is discretionary is when we work with the counties to try to implement this. We are going to have very strict rules in terms of the contract. They are things that we expect out of the private debt collectors. In my opinion it is dangerous just to say, private debt collectors go do your thing. I would also note though that private debt collectors are at least licensed do have standards that they must follow and theirs already debt collector protections in place for creditors. But I want to make sure that the counties don't just get some individual down on the corner to get and force some orders. That is not what the intention is. We want to make sure that we think this through to make sure the creditors also, even though they are prior dependents have protection.

Senator Judy Lee: I don't know of any of those legitimate organizations that started with a phone call. I guess the scammers do. But I would assume that those contracts that you have with the debt collectors, collection firms, you would be looking at what the process is that they have that there would be certified mail, direct connections whatever it might be, but I can't imagine that their procedures would not involve a more direct person to person kind of connection there. But I fortunately have had nothing to do with the court.

Mr. Aaron Birst: All I can tell you is my intention if this does pass, it to work with the counties and tell them before you engage in these services talk to me so we can make sure we think this through. I would guess the concept would be even maybe some joint county contracts with these firms. But then again it would again give us more control.

Senator Anderson: Tell me exactly how it works now? The Clerk of Court is an employee of the county or of the state now?

Aaron Birst: For the most part all of our clerks a good chunk of the clerks are now state employees. So back in 1991, when the counties gave up the judges to the state, there was a transition period that depending on the amount of filings and the size of the county, the county would keep the clerks. All the judges went state but the county kept the clerks, with the exception of the large counties. Then as filings increased or population increased those clerks would gradually shift to the state. I can find out the numbers but I think county clerk-wise its' maybe 15, the rest have all gone to the state. That's actually been a pretty good partnership because then the state pays for the clerk portion, but we still have a county employee that also does county reporting. But for the most part, here's how the process works. You get charged with a crime, you plead guilty or found guilty and the court says you own \$1000. Then that \$1000 is going to the clerks' office and again that is mostly state employees. They are taking in the money, with the exception of those small jurisdictions where the clerk is still county based. Again, the money keeps coming in, and then when it's all paid, the \$1000 is in and the clerk sends a letter to the State's Attorney, and says it looks like this case is over. If they don't then the clerk sends a letter to the State's Attorney and says they are missing \$500. Then the State's Attorney has to determine whether or not they're going to revoke their probation and then try to throw them back into jail to get the money. Again, many of the cases that are small, and that a real small dollar amounts that is not worth anything, so the State's Attorney's says, look we'll just let it go. Then it sits there.

Senator Diane Larson: So you mean it sits there so that if they re-offend that outstanding debt would still be there on the books, but if you go to this method, then that would not be there anymore, it would be forgiven?

Mr. Aaron Birst: How it works right now, it just sits there. It is just uncollected revenue for whatever reason. So technically it's still on the books, even if you use this process, there is two parts of this process as you can see for section 1, the commission could get together and say hey, he doesn't need to pay a \$1000 let's go \$750 pay another \$250 and lets' call this a day. If the offender did that, then that would be the compromise judgement. That money then would go to the state because that is technically you collected it for the state. If you can't find the guy and there's no way to compromise it then you would go to the Section 4, that says, hey, debt collector, go see if you can this extra \$500. How it would work now, if he gets into trouble prosecutors generally just do the new case? Even though that there is this old case from 10 years ago, that there's \$500 remaining, it's just not able to be collected. It is an uncollected judgment. Now what many jurisdictions do, the judges will say okay the guy hasn't paid \$250 but they will put out a bench warrant for him, and say there's a bench warrant and you can only bond out if you pay \$250. They pick up the guy, he bonds out by giving the \$250 and then the judge says he we got our money, this case is over. So that generally happens too. Again just to make sure everybody understands and I am telling the counties this too, we're not expecting \$65M dollars to be in our pocket, so we're not writing out checks right now, because a lot of this is uncollected just because it's going to be someone you're never going to collect out of.

Craig Enderly, President and owner of DCI Credit Services, in support of HB1444. **Written attachment #2.** (17:10-19:54) In terms of what we do and how we are regulated and our procedures towards collecting balances like this, we are one of the highest regulated industry in the country. Not just by state but through federal laws the FDCPA, the Fair Debt Collection

Practices Act. We are also regulated by the new agency the CFBB in Washington where have a portal set up with them and them and if there is ever a complaint that's made we have to respond within a certain period of time. On the state level we have a license with the Department of Financial Institutions and we have to respond to them based on whatever time they need us to respond if there is ever a complaint. So, I guess going back to the previous testimony, license collection agencies doing business and we have to be licensed to do business in this state, there's not a lot of room for any kind of scam efforts or things like that. The process does not start with a phone call. With our procedures in our agency, each process starts with a notice that would go out that person that owes the money. It would give them a certain amount of time to respond, generally 30 days. Of course that would be set obviously by the county in one of those procedures but that is something we could work with the counties on through whatever contract agreement we would come up with. But I just wanted to address that a little bit, because I think there is a huge misconception on what we do, in the collection agency realm of things. Because I know in past years there used to be a lot of that before agencies had to be licensed, or even before there was a federal law I guess that regulated us. So, I think that the reputation that's out there really isn't deserved anymore. I wanted to address that.

Senator Diane Larson: I wasn't trying to cast aspersions I was just saying that I could just see that somebody could claim it was a scam or something. But, as I am sitting here trying to think of what could go wrong, say there is abc collection agency that is quite reputable, and the head of that agency is the mayor's brother, and there's an xyz collection agency that is also very reputable, but abc always' gets the contract because of nepotism or whatever. Is there anything built into this kind of scenario that would insure that there isn't kind of a concern that they just have the same go to, there is no bidding process or anything. So is it always going to be the same go to and then are we going to have people back here, wait a minute what about me?

Mr. Craig Enderle: I guess in part of that I wouldn't know how that process works. I obviously suggest there would some kind of a bidding process, so it can be reviewed and approved by several people. In one of the other suggestions, I would have in addition to that, would be that we look at maybe hiring North Dakota based agencies first versus national and that would be because obviously we are well aware of what most these consumers are already doing. I would imagine that a lot of these collections we would already have these people we are dealing with in our agency. We probably know how to collect the money from them a lot more efficiently, have the background knowledge so, I would suggest that I would think that would help go a long way too. There would be more of an accountability.

Representative Mike Lefor: For 60 years I owned a DCR credit services and there are 13 collection agencies that are licensed and bonded in the state. I will tell you that in the 60 years we operated we maybe got 5 complaints and they we all fairly taken care of. They were minor in nature. We take a great deal of pride in what we do to, so I do take exception to what one of the previous speaker said, in that, the Association of Counties needs to look over the counties back is fairly irritating. We are an honorable industry and we have worked hard to earn our reputation, and so if this contract goes to a North Dakota based collection agency, I can tell you that it will be handled in an honorable fashion, an up-front fashion and the returns will be to the benefit of the counties.

Senator Anderson: Since we have Representative Lefor, with so much experience here, do you ever work for the federal court system or do they do their own wage attachments?

Representative Lefor: We have done work for municipalities in 6 states and we don't work for counties in other states. We've always given contracts and it's a bidding process and it's above board and I can give you references of all kinds of contractual relationships we've had with cities, with counties, with municipal courts over the years that had been done in an outstanding fashion. So yes we've had I would tell you probably 25-30 municipal governments that currently do business with DCI.

Senator Anderson: The reason I asked was we had a pharmacist who owned the federal government substantial amount of money, and the Clerk of the Federal Court would call and ask if we've given him his license back yet so she could bind the wages that we might be getting and collect some of that money.

Representative Lefor: Here's the thing, what we do is we are fair with people. So if you've got a situation where they don't have the ability to pay, we're not going collect it. There is about 25% of the people that will wind up paying. 75% won't. So we are realistic about muse point scoring systems. For example, Senator if you had a very high point score, we won't be able to collect from you. If you don't we're not going to try, notices go out, before phone calls are made. It is done in a very professional manner. It is something we take a great deal of pride in.

Chairman Burckhard asked for opposition testimony, then neutral testimony. He then closed the hearing on HB1444.

Committee Discussion:

Senator Diane Larson: Can I just mention that I didn't hear any disparaging things and if it because I said well about are they going to think it was a scam call, that was just because I was thinking about. I didn't take it that way. I just wanted you to know that I didn't take it in any disparaging way. I can't imagine that the county would think it would be a good idea to hire you if they thought you we not reputable, please don't take offense. I didn't hear any.

Senator Anderson: I move a do pass on 1444.

Senator Dotzenrod: 2nd the motion

Roll call vote: 6-0-0

Carrier: Senator Dotzenrod

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1444**

Senate Political Subdivisions _____ Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
- Other Actions: Reconsider _____

Motion Made By Sen. Anderson Seconded By Sen. Dotzenrod

Senators	Yes	No	Senators	Yes	No
Chair Randy Burkhard	X		Sen. Jim Dotzenrod	X	
Vice chair Howard Anderson	X				
Sen. Diane Larson	X				
Sen. Judy Lee	X				
Sen. Jordan Kannianen	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Dotzenrod

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1444, as engrossed: Political Subdivisions Committee (Sen. Burckhard, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1444 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HB 1444

#1
HB1444
2-7-19

Good Morning Committee Members,

I would like to speak in favor of HB 1444. As of 5/1/18, a report by county and fee code indicated more than \$65 million in court cost, fines, fees, and restitution was considered past due in North Dakota. A portion of this balance may have already been lost to the statute of limitations.

Currently, the duty to attempt collection of these funds lies with the clerks of court. It is my belief the clerks have little time to devote to debt collection when taking their many important core duties into consideration.

However, a lack of manpower and resources should not allow those owing fees and restitution to be given a pass on their obligations; nor should the general fund be denied reimbursement. I support the ability of the county to contract with private debt collection firms to attempt recovery of these past due funds.

Other states participate in similar programs and have seen success in generating money for victims and their state's general fund. I believe a main goal, with regards to restitution, should be to make victims whole first and general fund reimbursement after that.

Conversion of these criminal judgments to civil judgments by the court would be beneficial to speed the collection process. However, relying on credit reporting alone to collect balances is not enough anymore.

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#1 HB1444
2-7-19

Enforcement of the civil judgment through garnishment or execution is the best tool to realize monetary recovery. This is very time consuming and labor intensive; requiring many specialized resources to locate and recover from individuals. For these reasons, I believe professional debt recovery firms are best suited for the task.

It is my hope this committee recommends do pass to the full house so that North Dakota Collection Agencies can go to work recovering court cost, fines, fees, and restitution for crime victims.

Thank you for your time and consideration.

Brian Balerud

AR Audit Services Inc.

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*X.B. 1444
3.22.2019
att #1 p.2*

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Brian Balerud

AR Audit Services Inc.

*H. B. 1444
3.22.2019
Att # 2*

**Testimony before the Senate political subdivision committee in
support of HB No. 1444**

Chairman Burckhard, political subdivision committee members, for the record, my name is Craig Enderle, President and owner of DCI Credit Services. I appear before you today to express my support for HB 1444.

HB 1444 would authorize the board of county commissioners to compromise and settle any judgment for fines or costs arising from criminal proceedings. In addition, the legislation would authorize a county to contract with a private debt collection agency if the county is unable to collect the balance due.

Presently, there is no State law allowing a county to contract with a private debt collection agency to collect criminal fines. This legislation, if passed, would benefit ND counties that might already be struggling to collect the balances.

Collection agencies play an important role throughout the North Dakota economy. We reduce losses that would be passed back to the community. Since our primary focus is collecting past due debt, allowing a county to contract with a collection agency will increase the odds of collecting the counties fines and costs.

For the above reasons, I request that you give a favorable do pass recommendation to HB 1444.