

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 2051-01
Bill No.: HB 603
Subject: Secretary of State: Collections, Bad Debt
Type: Original
Date: March 11, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund *	Unknown	Unknown	Unknown

*Collection amounts are not expected to exceed \$100,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Secretary of State** assume no fiscal impact.

Oversight assumes that this proposal is permissive. If the Secretary of State were to choose to contract with a collection service to collect bad debt, any amount collected less a collection fee that could not exceed 25% of the total collected, would go into the State's General Revenue Fund. The amount that would be collected is indeterminable and will be shown as a positive unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

<u>Income</u> to Secretary of State from bad debt collections *	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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* **Collections are expected to be less than \$100,000 annually.**

FISCAL IMPACT - Local Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill allows the Secretary of State to enter into contracts with professional collection agencies for the recovery of uncollected fees. The contracts are subject to bid, and the collection fee may not exceed 25% of the amount collected.

For purposes of the bill, "bad debt" is the difference between the amount of money expected and the amount of money collected.

After reasonable efforts have been exhausted, subject to documentation, bad debt may be written off by the Secretary of State.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Secretary of State



Mickey Wilson, CPA
Director
March 11, 2003

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