

WILLIAM DONALD SCHAEFER, Governor

House Bill 124 would authorize the Uninsured Employers' Fund, under any one of four circumstances set forth in the bill, to employ persons to collect unpaid assessments, awards, or other expenses in place of the Central Collection Unit of the Department of Budget and Fiscal Planning.

Absent any compelling justification, I have substantial doubts as to whether the State should return to allowing any agency to collect its own debts in place of the Central Collection Unit. I also find that this bill contains an evident drafting error that distorts its intended scope and meaning.

Three of the four circumstances stated in the bill to allow the Uninsured Employers' Fund to hire its own debt collectors relate to notifications or inactions by the Central Collection Unit. Thus, the Fund could obtain the services of a third party collector: (1) if the Central Collection Unit notifies the Fund that the Central Collection Unit cannot pursue the claim; (2) if the Central Collection Unit is not actively pursuing the claim 90 days after requested by the Fund to do so; or (3) if the Central Collection Unit has neither settled the claim nor commenced a court action within one year after requested by the Fund to pursue the claim. In all these circumstances, the Central Collection Unit has the first opportunity to collect on the claim.

The fourth circumstance, on the other hand, allows the Fund to obtain the services of a third party collector without any prior reference to the Central Collection Unit, as long as the collector will charge no more than 25 percent of the amounts collected. Since this fourth circumstance might be present in a substantial number of cases, the first three circumstances become essentially inoperative. I do not believe that the General Assembly intended this result. Rather, I believe that the General Assembly intended the limitation on the charges of the third party collector to be an additional condition to hiring the outside collector after reference of the claim to the Central Collection Unit. This should not be an independent, alternative condition.

The sponsor's interest in improving the debt collection efforts of the Uninsured Employers' Fund is certainly meritorious. The drafting problems aside, I am not convinced, however, that the approach embodied in HB 124 is the proper course.

For these reasons, I am vetoing House Bill 124.

Sincerely,
William Donald Schaefer
Governor