

Trial Court Collections Model Debt Inactivation Policy

Introduction

This policy establishes criteria and procedures for designating uncollectible debts as “inactive.” Inactivation is an administrative procedure to remove a debt from the list of amounts the court can expect to collect. Inactivation of uncollectible debts from the court’s accounts receivable ledger does not constitute forgiveness of the debt; inactive debts are still payable by the debtor.

In some instances, a case may warrant the partial or complete discharge of a debt, which is a judicial action to forgive a debt. Examples of debts which may be candidates for discharge include: the debtor claims indigence, the debtor disputes the validity of the assessment, or the debtor has requested a waiver. The court administrator should refer eligible discharged debts to the assigned judge for consideration.

Purpose

The purpose of this policy is to establish procedures for inactivating court receivables in order to:

- Accurately portray the value of amounts owed to the court.
- Improve court collections.

Definitions

Debt - Debts are fines, fees, costs, assessments, restitution, or reimbursements ordered by and payable to the court that arise from the adjudication of a case or otherwise provided for by statute. A case can result in multiple debts; for example, a case may result in imposition of a fine, a fee, court costs, etc. Each debt has a status (see Section 1.1.1 of the Trial Court Collections Standards & Guidelines).

Active debt - A past due debt that the court is currently attempting to collect.

Inactive debt - A past due debt for which the court has decided to forego collections activity temporarily or indefinitely.

Discharged debt - A debt for which a court has decided to permanently forego collections activity.

Responsibilities

The chief judge shall designate the court administrator or another individual to implement this policy and decide which debts to inactivate. The assigned judge shall be responsible for discharging a debt.

Process

1. No action on the part of court staff will be required to inactivate debts. Because of limitations in various automated systems used by the courts, there is currently no way to universally “flag” debts as inactive.
2. At or near the end of every fiscal year, the court administrator will review all debts to determine the debts that are eligible for discharge.
 - a. Debts shall be eligible for discharge regardless of payment history, contact with debtor, and age of debt in the following instances:
 - i. The debtor is deceased and the estate is closed.
 - ii. The debt is discharged by order of a bankruptcy court.
 - iii. The debt is uncollectible by operation of law.

The court shall rescind any bench warrants issued for nonpayment of debts that are discharged under this subsection.

3. Court staff shall provide the following information to the court administrator to support the recommendation for discharge: debtor name, case number, date of judgment, amount assessed, amount unpaid, efforts undertaken to collect the debt, and reason for discharge.
4. The court administrator shall review the debts recommended for discharge and recommend to the assigned judge which debts should be discharged. The case files and automated information system shall be updated to indicate the date the debt(s) were discharged.
5. The court must be able to accept payment for all inactive debts. If a partial payment is accepted on a debt that has been inactivated, the debt shall be returned to active status, and appropriate collection efforts resumed.
6. If circumstances allow collection efforts to resume, an inactivated debt shall be reinstated to active status.