

FINAL BILL REPORT

SSB 6093

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SYNOPSIS AS ENACTED

Brief Description: Revising the definition of "collection agency."

SPONSORS: Senate Committee on Law & Justice (originally sponsored by Senators A. Smith and Nelson)

SENATE COMMITTEE ON LAW & JUSTICE

HOUSE COMMITTEE ON COMMERCE & LABOR

BACKGROUND:

A collection agency means and includes any person directly or indirectly engaged in soliciting claims for collection, or collecting or attempting to collect claims owed or due or asserted to be owed or due another person.

In order to act or advertise as a collection agency in Washington State, a person must first obtain a license from the director of the Department of Licensing (DOL). The license requirements include establishing a regular active business office in this state. All business records must be kept at the office, which is required to be open to the public during reasonably stated business hours. The licensee must also maintain a customer trust fund account in this state in which all moneys collected by the licensee are deposited.

These requirements preclude out-of-state collection agencies from communicating with a debtor in Washington State unless the agency complies with the licensing requirements of DOL.

A separate licensing procedure is suggested for out-of-state collection agencies that need to follow debtors into Washington State in order to collect or attempt to collect on claims for the agency's clients.

SUMMARY:

A separate license is created for out-of-state collection agencies whose activities in this state are limited to collecting debts by means of interstate communications, such as telephone, mail, or FAX, from another state for clients located in another state.

The license fees for all out-of-state licensees must not exceed 50 percent of the license fees for other collection agencies.

An out-of-state license is exempt from the license fees if the agency is housed or registered in another state and that state does not charge license fees to out-of-state licensees.

An out-of-state license is exempt from certain requirements applicable to collection agencies, including: (1) posting a bond, if the licensee maintains a bond or legal alternative in its home state; (2) maintaining a trust account in Washington; and (3) maintaining a business office in Washington.

An out-of-state licensee is deemed to have appointed the Director of Licensing as the licensee's agent for purposes of service of process.

All prohibited practices and enforcement provisions applying to collection agencies also apply to out-of-state collection agencies.

VOTES ON FINAL PASSAGE:

Senate	47	0	
House	96	0	(House amended)
Senate	44	0	(Senate concurred)

EFFECTIVE: June 9, 1994