

HOUSE BILL REPORT

HB 1945

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to collection agencies.

Brief Description: Allowing a collection agency to collect a commercial debt.

Revised for 1st Substitute: Modifying collection agency laws.

Sponsors: Representatives O'Brien and Koster.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/18/00, 2/1/00 [DPS].

Brief Summary of Substitute Bill

- For commercial claims, a collection agency can receive collection costs and fees authorized by written agreement between the debtor and client up to 35 percent of the commercial claim.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Quall; Santos; Sullivan and Talcott.

Staff: Charlie Gavigan (786-7340).

Background:

Collection agencies, including out-of-state collection agencies, are regulated by state law and must be licensed by the Department of Licensing. A collection agency cannot collect any sum other than principal and allowable interest, collection costs specifically authorize by statute, and attorney's fees and court costs in the case of a lawsuit.

Summary of Substitute Bill:

For commercial claims, in addition to other authorized amounts, a collection agency may also collect collection costs and fees authorized by written agreement between the debtor and client. However, total collection costs cannot exceed 35 percent of the commercial claim.

Substitute Bill Compared to Original Bill: A provision was added limiting the collection costs on a commercial claim to no more than 35 percent of the claim.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (Original Bill) For commercial claims between businesses, the collection costs should be allowed to be established in the contract or agreement between the businesses. Consumer protections in the statute are not needed for businesses. Collection costs on commercial claims should be collectable just as certain collection costs are authorized for local government claims, retail claims, and the few other statutorily-authorized claims.

Testimony Against: None.

Testified: Lance Colvin, Knoll Lumber and Hardware and NACM Board of Directors; Jeff Donell, Kelly Goodwin Co.; Christina Trott, President, Industrial Credit Service; and John Riley, Credit Manager.