

FINAL BILL REPORT

HB 1983

C 43 L 01

Synopsis as Enacted

Brief Description: Modifying debt collector– so the term excludes affiliates of creditors that service creditor’s accounts.

Sponsors: By Representatives Benson and Hatfield.

House Committee on Financial Institutions & Insurance

Senate Committee on Labor, Commerce & Financial Institutions

Background:

Collection agencies, including out-of-state collection agencies, are regulated by state law. They must be licensed by the Department of Licensing. Commission of certain prohibited practices violates the licensing law and may also violate the Consumer Protection Act. Federal law has similar regulations pertaining to debt collectors; generally, the stricter provisions apply. Under federal law, debt collector– does not include: (1) creditors collecting their own debts in their own name; (2) persons who only collect debts for affiliates and the person’s principal business is not debt collection; (3) government employees in the performance of their official duties; (4) service of process in connection with judicial enforcement of a debt; (5) non-profit corporations providing credit counseling and debt liquidation at the request of consumers; and (6) a person collecting a debt incidental to an escrow, a debt originated by the person, a debt the person acquired that was not in default when acquired, or a debt resulting from the person being the secured party in a commercial credit transaction.

Summary:

A person who only collects debts for affiliates is not a collection agency as long as the person’s principal business is not debt collection. Also, an out-of-state collection agency that is excluded from the definition of debt collector– under the federal Fair Debt Collection Practices Act is not a collection agency under Washington law.

Votes on Final Passage:

House 94 0

Senate 48 0

Effective: July 22, 2001

