

***Financial Institutions &
Insurance Committee***

HB 1983

Brief Description: *Modifying "debt collector" so the term excludes affiliates of creditors that service creditor's accounts.*

Sponsors: *Representatives Benson and Hatfield.*

Brief Summary of Bill

- *Removes persons from the requirements of the Fair Debt Collection Act if they only collect debts owed to affiliates or if they are not considered a debt collector under federal law.*

Hearing Date: *2/20/01*

Staff: *Charlie Gavigan (786-7340).*

Background:

Collection agencies, including out-of-state collection agencies, are regulated by state law. They must be licensed by the Department of Licensing. Violation of certain prohibited practices is also a violation of the Consumer Protection Act. There is a similar federal law on debt collectors; generally, the stricter provisions apply

Summary of Bill:

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 State law. Those excluded are: (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.

Appropriation: *None.*

Fiscal Note: *Not Requested.*

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