

FINAL BILL REPORT

HB 1145

C 124 L 07

Synopsis as Enacted

Brief Description: Modifying the definition of an "account receivable" for purposes of commencing an action.

Sponsors: By Representatives Lantz, Warnick, Williams, Rodne, O'Brien, Campbell, Goodman and Moeller.

House Committee on Judiciary
Senate Committee on Judiciary

Background:

A plaintiff must commence an action within the statute of limitations for that particular type of action or else the action is barred. The statute of limitations is three years for an action based on a contract which is not in writing, except if the contract is an account receivable. The statute of limitations for actions based on an account receivable incurred in the ordinary course of business is six years.

In 2005 the Washington Court of Appeals defined "account receivable" as an "open account," meaning an "account that is left open for ongoing debit and credit entries by two parties and that has a fluctuating balance until either party finds it convenient to close. In February 2007, the Washington Supreme Court reversed the Court of Appeals and defined "account receivable" as an amount due on a business account, whether or not it is an open account. The dissent encouraged the Legislature to define the term.

Summary:

The term "account receivable" for the purposes of the six-year statute of limitations is defined as any obligation for payment incurred in the ordinary course of the claimant's business or profession, whether arising from one or more transactions and whether or not earned by performance.

The amended definition applies to all causes of action on accounts receivable, whether commenced before or after the effective date of the act.

Votes on Final Passage:

House	97	0
Senate	46	0

Effective: July 22, 2007