

# SENATE BILL REPORT

## SB 5956

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As of Second Reading

**Title:** An act relating to the prohibited practices of collection agencies.

**Brief Description:** Concerning the prohibited practices of collection agencies.

**Sponsors:** Senators Harper, Pflug and Kline.

**Brief History:**

**Committee Activity:** Judiciary:

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### SENATE COMMITTEE ON JUDICIARY

**Staff:** Lidia Mori (786-7755)

**Background:** Collection agencies are prohibited from engaging in certain practices when attempting to collect debts. A collection agency cannot threaten a debtor with impairment of the debtor's credit rating if a claim is not paid. Credit agencies cannot harass a debtor. Certain behaviors are presumed to be harassment, including:

- communicating with a debtor more than three times in a single week;
- communicating with a debtor at the debtor's place of employment more than one time in a single week; or
- communicating with a debtor or spouse at his or her residence between 9:00 p.m. and 7:30 a.m.

Collection agencies are required to provide a debtor with an itemization of the amounts the collection agency will seek to collect on the claim. This information, along with other required information, must be included in the first claim notice sent to the debtor. If a debtor disputes a claim in writing, the collection agency must forward a copy of the dispute to the credit reporting bureau.

Current law provides that collection agencies may not send any telegram or make any telephone calls to a debtor or concerning a debt or for the purpose of demanding payment of a claim or seeking information about a debtor, for which the charges are payable by the addressee or by the person to whom the call is made. Senate bill 5574, which passed during the 2011 regular session, prohibits collection agencies from sending any telegram or making any telephone calls to a debtor or concerning a debt or for the purpose of demanding payment

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of a claim or seeking information about a debtor, with a limited exception for calls to cell phones.

**Summary of Bill:** Collection agencies may not send any telegram or make any telephone calls to a debtor or concerning a debt or for the purpose of demanding payment of a claim or seeking information about a debtor, for which the charges are payable by the addressee or by the person to whom the call is made.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on July 22, 2011.