

# HOUSE BILL REPORT

## SHB 1476

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### As Amended by the Senate

**Title:** An act relating to contracts for dogs and cats.

**Brief Description:** Concerning contracts for dogs and cats.

**Sponsors:** House Committee on Consumer Protection & Business (originally sponsored by Representatives Stanford, Appleton and Fitzgibbon).

#### **Brief History:**

##### **Committee Activity:**

Consumer Protection & Business: 2/13/19, 2/20/19 [DPS].

##### **Floor Activity:**

Passed House: 3/9/19, 53-43.

Senate Amended.

Passed Senate: 4/12/19, 38-7.

#### **Brief Summary of Substitute Bill**

- Prohibits live dogs and cats from being named as collateral in a consumer lease or secured transaction.

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### HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Kirby, Chair; Reeves, Vice Chair; Blake, Ryu, Santos, Stanford and Walen.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Volz and Ybarra.

**Staff:** Robbi Kesler (786-7153).

#### **Background:**

"Consumer lease" is defined as a contract of lease or bailment for the use of personal property for a period of time exceeding four months, and for a total contractual obligation not

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exceeding \$25,000. The personal property should be primarily used for personal, family, or household purposes, whether or not the lessee has the option to purchase or otherwise become the owner of the property at the expiration of the lease. A lease contract's term shall not include any lease which meets the definition of a retail installment contract or the definition of a lease-purchase agreement. (Note, the \$25,000 total contractual obligation does not apply to consumer leases of motor vehicles.) The term "consumer lease" does not include a lease for agricultural, business, or commercial purposes, or to a government, governmental agency, instrumentality, or an organization.

Article 9 of the Uniform Commercial Code governs the creation and operation of security interests in personal property or fixtures. A security interest is the interest of a creditor in property of a debtor used to secure payment of a debt. Among other topics related to secured transactions, Article 9 also provides remedies and procedures in the event that a debtor defaults on an obligation.

### **Summary of Substitute Bill:**

A live dog or cat may not be named as collateral for a consumer lease or a secured transaction. If a consumer enters into a contract that grants a security interest in the live dog or cat, the consumer is deemed to be the owner of the live dog or cat and is entitled to the return of all amounts the consumer paid under the contract, in addition to any other remedy provided by law. The bill does not apply to contracts for payments to repay an unsecured loan for the purchase of a dog or cat.

### **EFFECT OF SENATE AMENDMENT(S):**

The Senate amendment: adds a non-uniform exception in the Uniform Commercial Code Section on applicability with regard to the creation or transfer of interest in or a lien on a live dog or cat; and changes the term "purchase" to transfer of ownership.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) Allowing a family pet to be used as collateral in a loan is a fundamentally flawed thing to do. Repossessing a pet or making the threat to do so does not make sense in the context of an animal. It is not humane for the pet or pet owners. Pets are an emotional purchase; consumers sign a contract thinking it is a simple loan, but then find out it is a lease. This is a problem because often leases are offered as a lower payment and attract consumers that may not be able to afford the lease and other expenses necessary to properly care for a pet, such as healthcare for that pet. This puts a burden on the owner and nonprofit organizations that help low-income persons pay their pet's health bills. Some pet stores facilitate pet leases that are predatory and unfair. The lease has a relatively low initial

payment but the total price paid over time ends up being two to three times the original purchase price.

(Opposed) None.

**Persons Testifying:** Representative Stanford, prime sponsor; Richard Hall, Washington Alliance for Humane Legislation; Alyssa Carter; and Carollynn Zimmers.

**Persons Signed In To Testify But Not Testifying:** None.