

# SENATE BILL REPORT

## SHB 1476

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As of March 28, 2019

**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:** Passed House: 3/09/19, 53-43.

**Committee Activity:** Financial Institutions, Economic Development & Trade: 3/28/19.

### Brief Summary of Bill

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

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

**Staff:** Clint McCarthy (786-7319)

**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 exceeding \$25,000. 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. 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

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transactions, Article 9 also provides remedies and procedures in the event that a debtor defaults on an obligation.

**Summary of 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.

The term collateral as used in Article 9 of the Uniform Commercial Code is amended to not include a live dog or cat.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: It is a surprise to learn that cats and dogs could be used as collateral. It is unfair to families to have the repossession of pets held over them when there is a financial hardship. There is no factory reset button on a puppy. The idea that you are going to take an animal out of its environment and resell it seems egregious. Some lease terms can be over 100 percent APR. A person who buys an animal in this scheme does not own the animal until they have made all the payments. This can be an issue with a veterinarian. A vet needs the permission of the owner to operate—a lessee is not an owner. These schemes have hidden fees and significant interest rates. The interest rates can range between 30 and 90 percent. This practice is also fueling the rise of puppy mills. A lot of these puppies come from out of state, in states that do not have good animal oversight. A number of states have outlawed this practice. This bill will protect consumers and stop trafficking animals. The bill as a substitute does a good job of making it so that dogs cannot be used as collateral. They have more amendments. Retail installment contracts needs to be eliminated as part of a striking amendment. Vets need to have a doctor/patient/owner relationship. Vets are obligated to get permission from a leasing agency under current statute. Someone who cannot afford to purchase a dog outright cannot be expected to pay the costs associated with caring for the animal. This model does not work.

**Persons Testifying:** PRO: Representative Derek Stanford, Prime Sponsor; Laura Henderson, Pasado's Safe Haven; Richard Hall, Washington Alliance for Humane Legislation; Carollynn Zimmers, citizen; Kathleen Wallace, citizen.

**Persons Signed In To Testify But Not Testifying:** No one.