

# SENATE BILL REPORT

## HB 1042

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As Reported by Senate Committee On:  
Judiciary, March 17, 2009

**Title:** An act relating to notices of dishonor.

**Brief Description:** Concerning notices of dishonor.

**Sponsors:** Representatives O'Brien, Warnick, Goodman, Rodne, Kelley and Williams.

**Brief History:** Passed House: 2/13/09, 95-0.

**Committee Activity:** Judiciary: 3/17/09 [DP].

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### SENATE COMMITTEE ON JUDICIARY

**Majority Report:** Do pass.

Signed by Senators Kline, Chair; Regala, Vice Chair; McCaslin, Ranking Minority Member; Carrell, Kohl-Welles, Roach and Tom.

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

**Background:** Federal and state laws govern collection agencies. Under the Federal Fair Debt Collection Practices Act, a debtor has 30 days to dispute a debt from the date the debtor receives the notice of collection. The collection agency may not take certain action within that 30-day period. Under state law, a collection agency sends a debtor a notice of dishonor. A debtor has 33 days from the date the notice is postmarked or personally delivered before the debtor becomes liable for certain costs and fees and before the collection agency may take court action to collect the debt. If court action is taken, the debtor is also liable for reasonable attorneys' fees plus three times the face amount of the check or \$300, whichever is less. The notice of dishonor must be in a form prescribed in the statutes. The notice specifies for the debtor the fees and costs that may be added and includes a cautionary statement about other consequences that might occur if the amount is not paid.

**Summary of Bill:** The debtor is presumed to have received the notice of dishonor three days from the date the notice is mailed.

A statement is added to the notice of dishonor form clarifying that the notice to the debtor, that he or she may be liable for court costs and attorney fees in the event of legal action, is

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advisory only and should not be construed as a representation or implication that legal action is contemplated or intended.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

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

**Staff Summary of Public Testimony:** PRO: The bill does two things. It brings harmony between federal and state law in regards to the notice of dishonor that is sent when a check is dishonored. It makes sure that the advisory in the notice to consumers help them understand that they're not in imminent risk of prosecution. It's a little more plain about what is happening and what potentially could be happening.

**Persons Testifying:** PRO: Greg Luhn, Kevin Underwood, Washington Collectors Association.