

HOUSE BILL REPORT

SHB 1945

As Passed House:

February 9, 2000

Title: An act relating to collection agencies.

Brief Description: Modifying collection agency laws.

Sponsors: By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives O'Brien and Koster).

Brief History:

Committee Activity:

Financial Institutions & Insurance: 1/18/00, 2/1/00 [DPS].

Floor Activity:

Passed House: 2/9/00, 83-14.

Brief Summary of Substitute Bill

- For commercial claims, a collection agency can receive collection costs and fees authorized by written agreement between the debtor and client up to 35 percent of the commercial claim.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Quall; Santos; Sullivan and Talcott.

Staff: Charlie Gavigan (786-7340).

Background:

Collection agencies, including out-of-state collection agencies, are regulated by state law and must be licensed by the Department of Licensing. A collection agency cannot collect any sum other than principal and allowable interest, collection costs

specifically authorize by statute, and attorney's fees and court costs in the case of a lawsuit.

Summary of Bill:

For commercial claims, in addition to other authorized amounts, a collection agency may also collect collection costs and fees authorized by written agreement between the debtor and client. However, total collection costs cannot exceed 35 percent of the commercial claim.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (Original Bill) For commercial claims between businesses, the collection costs should be allowed to be established in the contract or agreement between the businesses. Consumer protections in the statute are not needed for businesses. Collection costs on commercial claims should be collectable just as certain collection costs are authorized for local government claims, retail claims, and the few other statutorily-authorized claims.

Testimony Against: None.

Testified: Lance Colvin, Knoll Lumber and Hardware and NACM Board of Directors; Jeff Donell, Kelly Goodwin Co.; Christina Trott, President, Industrial Credit Service; and John Riley, Credit Manager.