

***Financial Institutions &  
Insurance Committee***

***SB 5331***

***Brief Description:*** *Modifying collection of business to business debts by collection agencies.*

***Sponsors:*** *By Senators Kline, McCaslin, Johnson and Long.*

***Brief Summary of Bill***

- *In the collection of commercial debts between businesses, a collection agency may obtain collection costs and fees for up to 35 percent of the original claim.*

***Hearing Date:*** *3/27/01*

***Staff:*** *Thamas Osborn (786-7129).*

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

*There is no statutory authority specifically addressing the collection of debts owed by one business to another. Thus, due to the absence of the requisite statutory authorization, collection costs cannot be assessed with respect to the collection of debts between businesses.*

***Summary of Bill:***

*For commercial claims (i.e., claims between businesses), in addition to other authorized amounts, a collection agency may also collect any costs and fees authorized by written agreement between the debtor and the original creditor. However, total collection costs*

*cannot exceed 35 percent of the original claim*

***Appropriation:*** *None.*

***Fiscal Note:*** *Not Requested.*

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