

HOUSE BILL REPORT

HB 1143

As Passed House:
January 29, 2007

Title: An act relating to notices of dishonor.

Brief Description: Concerning notices of dishonor.

Sponsors: By Representatives Lantz, O'Brien, Williams, Campbell, Rodne, Goodman and Moeller.

Brief History:

Committee Activity:

Judiciary: 1/23/07 [DP].

Floor Activity:

Passed House: 1/29/07, 96-1.

Brief Summary of Bill

- Provides that a person is presumed to have received a notice of dishonored check from a collection agency three days after the notice is mailed; and
- Modifies the statutory form for the notice of dishonor.

HOUSE COMMITTEE ON JUDICIARY

Majority Report: Do pass. Signed by 11 members: Representatives Lantz, Chair; Goodman, Vice Chair; Rodne, Ranking Minority Member; Warnick, Assistant Ranking Minority Member; Ahern, Flannigan, Kirby, Moeller, Pedersen, Ross and Williams.

Staff: Trudes Tango (786-7384).

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 he or she receives the notice of collection. The collection agency may not take certain action within that 30 day period.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 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 informing the debtor that the amount he or she may be liable for if court action is taken is advisory only and should not be construed to mean that legal action is contemplated or intended.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill makes state law comply with federal law. Currently the statutory form could arguably be a violation of federal law. For the presumption of when notice is received, state law measures from the date the notice is sent. Federal law measures from when the notice is received. This bill makes state law and federal law consistent.

(Opposed) None.

Persons Testifying: Kevin Underwood, Washington Collector's Association.

Persons Signed In To Testify But Not Testifying: None.