

# SENATE BILL REPORT

## SHB 1476

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As Reported by Senate Committee On:  
Financial Institutions, Economic Development & Trade, April 2, 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, 4/02/19 [DPA].

### Brief Summary of Amended 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

**Majority Report:** Do pass as amended.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Braun, Das, Ericksen and Hobbs.

**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

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agency, instrumentality, or an organization.

"Retail installment transaction" means any transaction in which a retail buyer purchases goods or services from a retail seller pursuant to a retail installment contract, a retail charge agreement, or a lender credit card agreement, as defined in this section, which provides for a service charge, as defined in this section, and under which the buyer agrees to pay the unpaid principal balance in one or more installments or which provides for no service charge and under which the buyer agrees to pay the unpaid balance in more than four installments.

Article 9 of the Uniform Commercial Code governs the creation and operation of security interests in personal property or fixtures.

**Summary of Amended Bill:** A live dog or cat may not be named as collateral for a consumer lease, a retail installment contract, 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.

Adds a nonuniform exception concerning the creation or transfer of interest in or lien on a live dog or cat in the Uniform Commercial Code Section on applicability.

**EFFECT OF FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE AMENDMENT(S):** Clarifies that the transfer of ownership, rather than the purchase, of a live dog or cat in which ownership of the animal is contingent on making payments over a period of time is prohibited. Adds a nonuniform exception concerning the creation or transfer of interest in or lien on a live dog or cat in the Uniform Commercial Code Section on applicability.

**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 on Substitute House Bill:** *The committee recommended a different version of the bill than what was heard.* 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.