

HOUSE BILL REPORT

SSB 5052

*As Reported By House Committee on:
Judiciary*

Title: An act relating to collection of public debts.

Brief Description: Concerning collection of public debts.

Sponsor(s): Senate Committee on Law & Justice (originally sponsored by Senators Moore, Nelson and Thorsness).

Brief History:

Reported by House Committee on:
Judiciary, April 2, 1991, DP.

**HOUSE COMMITTEE ON
JUDICIARY**

Majority Report: *Do pass.* Signed by 16 members: Representatives Appelwick, Chair; Ludwig, Vice Chair; Padden, Ranking Minority Member; Paris, Assistant Ranking Minority Member; Belcher; Broback; Hargrove; Inslee; Mielke; H. Myers; Riley; Scott; D. Sommers; Tate; Vance; and Wineberry.

Staff: Jeff Fishel (786-7191).

Background: A person or entity that engages in, attempts to engage in, or advertises that it performs debt collection in Washington must be licensed by the Department of Licensing. A claim of debt is defined as an express or implied obligation that arises out of a contract or agreement. Court-ordered or contractual restitution may be collected by licensed agencies, but these claims are not within the statute's definition of "claim."

A person or entity licensed to collect debts in Washington is prohibited from using various methods of intimidation or harassment to collect the debt. The person or entity is also required to post a bond, retain records, and are personally subject to the jurisdiction of Washington courts.

Summary of Bill: The definition of "claim" is amended to include court-ordered or contractual restitution and financial obligations imposed under the Sentencing Reform Act. The authority of state entities to assign the collection of public debts is limited, and public debts may

be assigned only to those persons or entities that are licensed by the Department of Licensing.

Fiscal Note: Not requested.

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

Testimony For: Businesses that have been assigned public debts, court-ordered restitution, for collection claim that they are not required to be licensed, bonded, or follow certain accounting procedures because they are not collecting "claims" as defined by the statute. This disparity is unfair to legitimate collection agencies and circumvents the intention of the licensing act. Unlike the original bill, this bill does not hinder the Department of Corrections' offender billing program which bills offenders monthly to recover court-ordered restitution.

Testimony Against: None.

Witnesses: Jack Kerstetter, Allied Credit, Washington Collectors Association (in favor); and Melanie Smith, Financial Specialist for Department of Corrections (in favor).