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**Business & Financial Services Committee**

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**HB 1054**

**Brief Description:** Concerning collection agency transaction fees for processing electronic payments.

**Sponsors:** Representatives Stanford and Gregerson.

**Brief Summary of Bill**

- Debt collection agencies may collect a transaction fee for electronic payments from debtors.

**Hearing Date:** 1/14/15

**Staff:** David Rubenstein (786-7153).

**Background:**

Definition of "Collection Agencies".

Collection agencies are regulated by both state and federal law. Collection agencies are licensed by the Department of Licensing under the state Collection Agency Act (CAA), and are also subject to the federal Fair Debt Collection Practices Act (FDCPA) when collecting consumer debt. The CAA and FDCPA define collection agencies (called "debt collectors" under the FDCPA) as persons or entities directly or indirectly engaged in soliciting claims for collection, or collecting or attempting to collect claims owed or due or asserted to be owed or due another person. Also included are those collecting on their own behalf under another name, which would indicate to the debtor that a third person is attempting to collect the claim.

Prohibited Practices.

Both the CAA and the FDCPA permit and prohibit certain practices, and in general have similar provisions as to what is and is not allowed. Where there is an inconsistency with state law, the

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FDCPA supersedes state law; however, a state law is not inconsistent with the FDCPA if it affords greater consumer protection than the FDCPA.

Among other prohibited practices, collection agencies may not collect any sum beyond the principal amount of the debt owed other than allowable interest, expressly allowed collection costs or handling fees, or attorneys' fees and court costs.

**Summary of Bill:**

Collection agencies may collect transaction fees for electronic payments up to \$10 per transaction, or 3% of the transaction, whichever is greater. The agency must also offer a no-cost option to the debtor.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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