

SENATE BILL REPORT

SB 6549

As Reported By Senate Committee On:
Law & Justice, January 31, 1996

Title: An act relating to assignees of claims filed or prosecuted in the small claims department of district court.

Brief Description: Allowing assigned claims in the small claims department of district court.

Sponsors: Senators Smith, Johnson, Roach and Winsley.

Brief History:

Committee Activity: Law & Justice: 1/29/96, 1/31/96 [DPS].

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 6549 be substituted therefor, and the substitute bill do pass.

Signed by Senators Smith, Chair; Fairley, Vice Chair; Goings, Hargrove, Haugen, Johnson, Long, McCaslin, Quigley, Roach and Schow.

Staff: Martin Lovinger (786-7443)

Background: The small claims law was enacted in 1919 in order to deal with claims for small amounts of money in a fast and cost-effective manner. To ensure that individuals with small claims could obtain speedy resolution of their disputes, the law was written to prohibit the filing of assigned claims in small claims court. However, in prohibiting assigned claims, a number of individuals and small businesses, who in the course of commerce obtain assignments of small claims and accounts receivable, are also unable to avail themselves of this less burdensome means of resolving these claims.

Summary of Substitute Bill: No claim can be filed and prosecuted in small claims court by a party that is not the real claimant.

Substitute Bill Compared to Original Bill: The original bill allowed assignees of the claim to file in small claims court if the assignee is not a collection agency.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill would allow small commercial loans to be assigned and still be allowed in small claims court. Retail contracts generally result in judgments for the

claimants and reducing filing fees will save money for the debtors. Assigned claims arise when businesses are purchased and when sales contracts are sold.

Testimony Against: Small claims courts need to have the original parties in order to resolve disputes. Small claims courts are supposed to be quick, simple and nonprofessional. The collection process is easier in district courts. The filing fee difference is not significant between small claims court and district court.

Testified: Susie Tracy, WA State Financial Services (pro); Lew McMurrin, Household Financial Group (pro); Judge Darrell Phillipson, Melanie Stewart, WA District and Municipal Court Judges Assn. (con); Mark Gjurasic, WA Collectors Assn.