
**Financial Institutions &
Insurance Committee**

HB 2208

Brief Description: Concerning assignment of a debt to a collection agency.

Sponsors: Representatives Campbell, Ericks and Dunn.

Brief Summary of Bill

- Prohibits a person from assigning a debt to a collection agency without first attempting to notify the debtor of the debt and that it will be turned over to a collection agency if not paid.

Hearing Date: 3/1/05

Staff: CeCe Clynch (786-7168).

Background:

Collection agencies are required to be licensed and bonded and to adhere to various rules and regulations governing the means and methods employed to collect debts. Operation without a license and the commission of any prohibited collection practice are considered unfair acts or practices for the purpose of the application of the Consumer Protection Act.

Private persons, as well as agencies, departments, taxing districts, political subdivisions of the state, counties, and cities to retain collection agencies for the purpose of collecting debts. Before assigning a public debt to a collection agency, governmental entities are required to attempt to notify the debtor of the existence of the debt. The notice must specify that the debt may be assigned to a collection agency for collection if the debt is not paid. At least 30 days must elapse after attempting notice before the debt is assigned to the collection agency.

Summary of Bill:

Notice requirements similar, but not identical, to those already required of governmental entities are imposed upon all persons before a debt is assigned to a collection agency. The person must first make an attempt to advise the debtor of the existence of the debt. The notice must advise the debtor that the debt may be assigned to a collection agency for collection if the debt is not paid within 10 days after the notice. At least 30 days must elapse after attempting notice before the debt is assigned to the collection agency.

Appropriation: None.

Fiscal Note: Not requested.

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