

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass
Vote: 10 - 0 - 0
Yeas: Barton, Cowan, Gilliam, Krieger, Matthews, Riley, Tomei, Weidner, Wingard, Holvey
Nays: 0
Exc.: 0
Prepared By: Victoria Cox, Administrator
Meeting Dates: 2/11, 4/10

WHAT THE MEASURE DOES: Creates an exception to the definition of “collection agency” for a person that receives an assignment of debt without obligation to pay the assignor any of the proceeds resulting from collection of the debt.

ISSUES DISCUSSED:

- Department of Consumer and Business Services regulates the relationship between debt collector and client, not between the debt collector and debtor
- Regulation of debt buyers continues under the Unlawful Debt Collection Practices Act and when SB 328 (2009) becomes effective under the Unlawful Trade Practices Act

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: HB 2307 addresses an issue raised by a bankruptcy case wherein the judge prohibited an unregistered debt buyer from collecting a debt and allowed the debtor to recover attorney fees. This case created the requirement for debt buyers to obtain a license from the Department of Consumer and Business Services. But in cases of outright sale of debt, there is no ongoing agreement between the debtor and the debt collector for the state to monitor, and no need for the debt buyer to be registered. HB 2307 statutorily removes the requirement created by case law.