

PRELIMINARY STAFF MEASURE SUMMARY**CARRIER:**

House Committee on Consumer Protection and Government Effectiveness

REVENUE: No revenue impact**FISCAL: May have fiscal impact, statement not yet issued****SUBSEQUENT REFERRAL TO: None****Action:****Vote:****Yeas:****Nays:****Exc.:****Prepared By:** Wendy Simons, Administrator**Meeting Dates:**

WHAT THE MEASURE DOES: Establishes requirements under which debt buyer may bring legal action to collect debt, including notice debt buyer must give to debtor. Makes violation unlawful collection practice. Increases time period during which debtor may bring action for unlawful collection practice and increases amount of damages court may award. Permits court to award attorney fees and costs to prevailing plaintiff. Permits award to prevailing defendant only if court finds plaintiff did not have objectively reasonable standard for bringing action.

ISSUES DISCUSSED:**EFFECT OF COMMITTEE AMENDMENT:** No amendments.

BACKGROUND: House Bill 2252 provides notice requirements that people who have purchased delinquent consumer debt must follow in order to bring legal action to collect amounts due, including notifying the debtor in writing at least 30 days in advance of the debt buyer's intent to bring legal action, and providing information including: debt buyer's name and address; account number for the debt; balance of the debt as of the date of the last payment; an itemization of the interest, fees and charges imposed by the original creditor and by the debt buyer; and a statement telling the debtor that a statute of limitations might bar the debt buyer from bringing legal action to collect the debt, but that any amount paid on the debt will affirm the existence of the debt and begin a new time period during which the debt buyer may bring legal action.

The bill permits a debt buyer who prevails in a legal action to collect interest on the judgment in an amount that does not exceed the weekly average one-year Treasury yield, and allows the debt buyer to collect attorney fees only if the contract that created the debt obligates the debtor to pay attorney fees to a debt buyer prevailing in a legal action to collect the debt.

House Bill 2252 makes attempts by a bill collector to collect debts for which the statute of limitations has passed an unlawful collection practice, as well as bringing an action against a debtor without valid documentation of the debt. In court actions alleging unlawful collection practices, the court may award attorney fees and costs at trial and appeal, although attorney fees and costs may be awarded to a defendant only if the court finds that the plaintiff did not have an objectively reasonable basis for bringing the action. The bill raises the amount a plaintiff may recover from the greater of actual damages or \$200, to the greater of damages or \$1,000, and extends the period of time for bringing an unlawful collection practices action from one year from the date of injury, to two years after either the date of injury or the date of a judgment or dismissal, whichever is later.

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This summary has not been adopted or officially endorsed by action of the committee.