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HOUSE BILL 1974

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State of Washington

61st Legislature

2009 Regular Session

By Representative Santos

Read first time 02/04/09. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to restricting the ability of collection agencies  
2 to report public debt to consumer reporting agencies; and amending RCW  
3 19.16.500.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 19.16.500 and 1997 c 387 s 1 are each amended to read  
6 as follows:

7 (1)(a) Agencies, departments, taxing districts, political  
8 subdivisions of the state, counties, and cities may retain, by written  
9 contract, collection agencies licensed under this chapter for the  
10 purpose of collecting public debts owed by any person, including any  
11 restitution that is being collected on behalf of a crime victim.

12 (b) Any governmental entity as described in (a) of this subsection  
13 using a collection agency may add a reasonable fee, payable by the  
14 debtor, to the outstanding debt for the collection agency fee incurred  
15 or to be incurred. The amount to be paid for collection services shall  
16 be left to the agreement of the governmental entity and its collection  
17 agency or agencies, but a contingent fee of up to fifty percent of the  
18 first one hundred thousand dollars of the unpaid debt per account and  
19 up to thirty-five percent of the unpaid debt over one hundred thousand

1 dollars per account is reasonable, and a minimum fee of the full amount  
2 of the debt up to one hundred dollars per account is reasonable. Any  
3 fee agreement entered into by a governmental entity is presumptively  
4 reasonable.

5 (2) No debt may be assigned to a collection agency unless:

6 (a) There has been an attempt to advise the debtor (i) of the  
7 existence of the debt and (ii) that the debt may be assigned to a  
8 collection agency for collection if the debt is not paid(~~(, and)~~);

9 (b) At least thirty days have elapsed from the time notice was  
10 attempted; and

11 (c) The governmental entity establishes in contract with the  
12 collection agency that the collection agency may not report the debt to  
13 a consumer reporting agency.

14 (3) Collection agencies assigned debts under this section shall  
15 have only those remedies and powers which would be available to them as  
16 assignees of private creditors.

17 (4) For purposes of this section, the term debt shall include fines  
18 and other debts, including the fee required under subsection (1)(b) of  
19 this section.

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