SENATE BILL REPORT
SB 6118

As of January 21, 2020

Title: An act relating to collection agency transaction fees for processing electronic payments.

Brief Description: Concerning collection agency transaction fees for processing electronic payments.

Sponsors: Senators Mullet, Cleveland, Wilson, L., Rivers, Becker and Kuderer.

Brief History:
Committee Activity: Financial Institutions, Economic Development & Trade: 1/23/20.

Brief Summary of Bill

- Allows a collection agency to charge an interchange reimbursement fee on a credit card payment up to to 2.35 percent, not to exceed $35, per transaction.

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Staff: Kellee Gunn (786-7429)

Background: Interchange Reimbursement Fees. Interchange reimbursement fees are applied by credit card companies to financial transactions. The rate of the interchange reimbursement fee is dependent on the financial institution.

Collection Agencies. A collection agency is defined as any person directly or indirectly engaged in soliciting claims for collection. Collection agencies are governed under the state's Collection Agency Law and the federal Fair Debt Collections Practices Act. These laws apply to businesses which collect debts for other businesses. They do not apply to a firm which is collecting its own past-due accounts.

Collection agencies may only collect, or attempt to collect, the principal amount of a claim and the following:

- any allowable interest, collection costs, or handling fees authorized in statute;
- attorney's fees and taxable court costs in the case of a lawsuit; and

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- the collection costs and fees between the licensee's client and the debtor in the case of a commercial claim.

In the case of a commercial claim, the amount charged to the debtor cannot exceed 35 percent of the claim.

Summary of Bill: Allows a collection agency to charge an interchange reimbursement fee on a credit card payment up to 2.35 percent, not to exceed $35, per transaction, provided a no-fee payment option is available to the debtor. The option of a no-fee payment must be disclosed to the debtor by the collection agency at the same time and in the same manner as when the debtor's credit card information is taken.

Appropriation: None.

Fiscal Note: Requested on January 23, 2020.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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