

114TH CONGRESS
2D SESSION

H. R. 5434

To amend the Fair Debt Collection Practices Act to restrict the debt collection practices of certain debt collectors.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2016

Mrs. LOVE (for herself, Mr. ELLISON, Mr. HILL, and Mr. CLEAVER) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Fair Debt Collection Practices Act to restrict the debt collection practices of certain debt collectors.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop Debt Collection
5 Abuse Act of 2016”.

6 **SEC. 2. DEFINITIONS.**

7 Section 803 of the Fair Debt Collection Practices Act
8 (15 U.S.C. 1692a) is amended—

(1) in paragraph (4), by striking “facilitating collection of such debt for another” and inserting “collection of such debt”;

(2) by amending paragraph (5) to read as follows:

“(5) The term ‘debt’ means—

“(A) any obligation or alleged obligation of a consumer to pay money arising out of a transaction in which the money, property, insurance, or services which are the subject of the transaction are primarily for personal, family, or household purposes, whether or not such obligation has been reduced to judgment; or

“(B) any obligation or alleged obligation of a consumer—

“(i) to pay a loan, an overpayment, a fine, a penalty, a fee, or other money currently or originally owed to a Federal agency; and

“(ii) that is not less than 180 days past due.”; and

(3) in paragraph (6)—

(A) by striking the first sentence and inserting the following: “The term ‘debt collector’ means any person who uses any instrumentality

1 of interstate commerce or the mails in any busi-
 2 ness the principal purpose of which is the col-
 3 lection of any debts; who regularly collects or
 4 attempts to collect, directly or indirectly, by the
 5 person's own means or by hiring another debt
 6 collector, debts owed or due or asserted to be
 7 owed or due another or that have been obtained
 8 by assignment or transfer from another; or who
 9 regularly collects debts currently or originally
 10 owed or allegedly owed to a Federal agency.”;
 11 and

12 (B) in subparagraph (F), by inserting “or
 13 that has been obtained by assignment or trans-
 14 fer from another” after “owed or due another”.

15 **SEC. 3. DEBT COLLECTION PRACTICES FOR DEBT COLLEC-**
 16 **TORS HIRED BY GOVERNMENT AGENCIES.**

17 The Fair Debt Collection Practices Act (15 U.S.C.
 18 1692 et seq.) is amended by inserting after section 812
 19 (15 U.S.C. 1692j) the following:

20 **“§ 812A. Debt collection practices for debt collectors**
 21 **hired by Federal agencies**

22 “(a) LIMITATION ON TIME TO TURN DEBT OVER TO
 23 DEBT COLLECTOR.—A Federal agency that is a creditor
 24 may sell or transfer a debt described in section 803(5)(B)
 25 to a debt collector not earlier than 90 days after the date

1 on which the obligation or alleged obligation becomes de-
2 linquent or defaults.

3 “(b) REQUIRED NOTICE.—

4 “(1) IN GENERAL.—Before transferring or sell-
5 ing a debt described in section 803(5)(B) to a debt
6 collector or contracting with a debt collector to col-
7 lect such a debt, a Federal agency shall notify the
8 consumer not fewer than 3 times that the Federal
9 agency will take such action.

10 “(2) FREQUENCY OF NOTIFICATIONS.—The
11 second and third notifications described in para-
12 graph (1) shall be made not less than 30 days after
13 the date on which the previous notification is
14 made.”.

15 **SEC. 4. UNFAIR PRACTICES.**

16 Section 808 of the Fair Debt Collection Practices Act
17 (15 U.S.C. 1692f) is amended by striking paragraph (1)
18 and inserting the following:

19 “(1) The collection of any amount (including
20 any interest, fee, charge, or expense incidental to the
21 principal obligation) unless—

22 “(A) such amount is expressly authorized
23 by the agreement creating the debt or permitted
24 by law; and

“(B) in the case of any amount charged by a debt collector collecting a debt described in section 803(5)(B), such amount is—

“(i) reasonable in relation to the actual costs of the collection;

“(ii) authorized by a contract between the debt collector and the Federal agency; and

“(iii) not greater than 10 percent of the amount collected by the debt collector.”.

SEC. 5. GAO STUDY AND REPORT.

(a) STUDY.—The Comptroller General of the United States shall commence a study on the use of debt collectors by State and local government agencies, including—

(1) the powers given to the debt collectors by Federal, State, and local government agencies;

(2) the contracting process that allows a Federal, State, or local government agency to award debt collection to a certain company, including the selection process;

(3) any fees charged to debtors in addition to principal and interest on the outstanding debt;

(4) how the fees described in paragraph (3) vary from State to State;

1 (5) consumer protection at the State level that
2 offer recourse to those whom debts have been wrong-
3 fully attributed;

4 (6) the revenues received by debt collectors
5 from Federal, State, and local government agencies;

6 (7) the amount of any revenue sharing agree-
7 ments between debt collectors and Federal, State,
8 and local government agencies;

9 (8) the difference in debt collection procedures
10 across geographic regions, including the extent to
11 which debt collectors pursue court judgments to col-
12 lect debts; and

13 (9) any legal immunity or other protections
14 given to the debt collectors hired by State and local
15 government agencies, including whether the debt col-
16 lectors are subject to the Fair Debt Collection Prac-
17 tices Act (15 U.S.C. 1692 et seq.).

18 (b) REPORT.—Not later than one year after the date
19 of enactment of this Act, the Comptroller General of the
20 United States shall submit to Congress a report on the
21 completed study required under subsection (a).

○