

116TH CONGRESS  
1ST SESSION

# H. R. 4403

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

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 19, 2019

Mr. CLEAVER (for himself and Mr. HILL of Arkansas) introduced the following bill; which was referred to the Committee on Financial Services

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## 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 2019”.

6 **SEC. 2. DEFINITIONS.**

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

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

4 (2) by amending paragraph (5) to read as fol-  
5 lows:

6 “(5) The term ‘debt’ means—

7 “(A) any obligation or alleged obligation of  
8 a consumer to pay money arising out of a  
9 transaction in which the money, property, in-  
10 surance, or services which are the subject of the  
11 transaction are primarily for personal, family,  
12 or household purposes, whether or not such ob-  
13 ligation has been reduced to judgment; or

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

16 “(i) to pay a loan, an overpayment, a  
17 fine, a penalty, a fee, or other money cur-  
18 rently or originally owed to a Federal  
19 agency; and

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

22 (3) in paragraph (6)—

23 (A) by striking the first sentence and in-  
24 serting the following: “The term ‘debt collector’  
25 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 (a) IN GENERAL.—The Fair Debt Collection Prac-  
18 tices Act (15 U.S.C. 1692 et seq.) is amended by inserting  
19 after section 812 (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 (b) CLERICAL AMENDMENT.—The table of contents  
16 for the Fair Debt Collection Practices Act is amended by  
17 inserting after the item relating to section 812 the fol-  
18 lowing:

“812A. Debt collection practices for debt collectors hired by Federal agencies.”.

19 **SEC. 4. UNFAIR PRACTICES.**

20 Section 808 of the Fair Debt Collection Practices Act  
21 (15 U.S.C. 1692f) is amended by striking paragraph (1)  
22 and inserting the following:

23 “(1) The collection of any amount (including  
24 any interest, fee, charge, or expense incidental to the  
25 principal obligation) unless—

1           “(A) such amount is expressly authorized  
2           by the agreement creating the debt or permitted  
3           by law; and

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

7                   “(i) reasonable in relation to the ac-  
8                   tual costs of the collection;

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

12                  “(iii) not greater than 10 percent of  
13                  the amount collected by the debt col-  
14                  lector.”.

15 **SEC. 5. GAO STUDY AND REPORT.**

16           (a) **STUDY.**—The Comptroller General of the United  
17 States shall commence a study on the use of debt collec-  
18 tors by State and local government agencies, including—

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

21                   (2) the contracting process that allows a Fed-  
22                   eral, State, or local government agency to award  
23                   debt collection to a certain company, including the  
24                   selection process;

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

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

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

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

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

13          (8) the difference in debt collection procedures  
14          across geographic regions, including the extent to  
15          which debt collectors pursue court judgments to col-  
16          lect debts; and

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

22          (b) REPORT.—Not later than one year after the date  
23          of enactment of this Act, the Comptroller General of the

- 1 United States shall submit to Congress a report on the
- 2 completed study required under subsection (a).

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