

Legislative History for Connecticut Act

SB 0900	PA 207	1997
Senate	605, 1105, 3333-3337, 3448-3449	(9p.)
Use:	5412-5420	(9p.)
Banks:	31-32, 40-42, 54-55	(7p.)

Total- 25p.

Transcripts from the Joint Standing Committee Public Hearing(s) and/or Senate
and House of Representatives Proceedings

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S-404

CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
1997

VOL. 40
PART 2
340-706

Madam President, at this time I would move
Calendar 65, File 59, SB900 to the Committee on General
Law.

THE CHAIR:

Motion is to refer this item to the Committee on
General Law. Without objection, so ordered.

SEN. JEPSEN:

Madam President, at this time, I would move
Calendar 66, File 52, Substitute for SB929 to the
Committee on Banks.

THE CHAIR:

Motion is to refer this item to the Committee on
Banks. Without objection, so ordered. Senator Jepsen.

SEN. JEPSEN:

Thank you, Madam President, by way of explanation,
that concludes our originally marked Calendar. At this
time, I would ask for suspension of the rules, I'm
sorry, I would move that we adopt Senate Agenda No. 2,
I would move all items on Senate Agenda No. 2 dated
Wednesday, March 19, 1997 be acted upon as indicated
and that the Agenda be incorporated by reference into
the Senate Journal and Senate Transcript.

THE CHAIR:

Without objection, so ordered.

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CONNECTICUT
GEN. ASSEMBLY
SENATE

PROCEEDINGS
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0044105

Senate

Wednesday, April 16, 1997

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

Calendar 186, File 229, is PR.

Calendar 187 is PR.

We already passed Calendar 188.

Calendar 189, oops single star.

Moving to Page 18, Matters Returned From
Committee.

Calendar 60, File 46, SB988, I move to the Consent
Calendar.

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

Calendar 65, File 59, SB900, I move referral to
the Committee on Judiciary.

THE CHAIR:

Without objection, so ordered.

SEN. JEPSEN:

Page 19, Matters Returned From Committee.

Calendar 107 is PR.

Calendar 109 is PR.

Under Resolutions. Calendar 102, File 92, Senate
Resolution 17, I move a recommittal.

THE CHAIR:

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3192-3550

demands that this honest accounting would be encouraged, facilitated by this provision that would again, revise our statutes to conform to the parameters of modern assessment practices by clarifying these areas and defining terms to simplify administration of the personal property tax.

Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Looney. Will you remark further? Will you remark further? Senator Looney.

SEN. LOONEY:

Yes, Mr. President. If there is no objection, I would move this item to the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

THE CLERK:

Calendar Page 25, Matters Formerly on the Foot of the Calendar, Calendar 65, File 59 and 508, Substitute for SB900 An Act Concerning Creditors' Collection Practices. Favorable Report of the Committee on Banks, General Law and Judiciary. The Clerk is in possession of three amendments.

SEN. FONFARA:

Mr. President.

THE CHAIR:

Senator Fonfara.

SEN. FONFARA:

Thank you, Mr. President. I move for acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

The motion concerns acceptance and passage. Will you remark further?

SEN. FONFARA:

Yes, Mr. President. Mr. President, this bill extends the creditors' collection practice act protections to anyone owing a debt not solely to those who have been extended credit.

Mr. President, the Clerk has an amendment, LCO6015. May he please call and I be allowed to summarize.

THE CHAIR:

Would the Clerk please call LCO6015.

THE CLERK:

LCO6015 which shall be designated Senate Amendment Schedule "A". It's offered by Senator Fonfara of the 1st District, et al.

THE CHAIR:

Permission to summarize has been requested. Without objection, please proceed, Senator Fonfara.

SEN. FONFARA:

Thank you, Mr. President. Mr. President, this amendment removes language exempting renters from the protections extended in the bill, afforded in the bill, excuse me.

It also enables the payee of a check which has been dishonored to impose a service charge.

I move adoption.

THE CHAIR:

The question is adoption of Senate "A". Will you remark further on Senate "A"? Senator Guglielmo.

SEN. GUGLIELMO:

Thank you, Mr. President. I just rise in support of the amendment and also urge passage. It's a small step to help businesses and to recover some of the fees when they're given checks that bounce.

Right now as you know, the bank charges both the person who gives the bad check and the one who receives it a surcharge. And this would allow the person, who, through no fault of their own received a bad check to recover some of that money.

So I support the amendment. I thank Senator Fonfara for bringing it forward.

THE CHAIR:

And thank you, Senator Guglielmo. Is there

further comment on Senate "A"? Would you remark further on Senate "A".

If not, the Chair will try your minds. All in favor of Senate "A", please indicate by saying "aye".

ASSEMBLY:

Aye.

THE CHAIR:

All opposed, say "nay". The ayes have it. Senate "A" is adopted. Will you remark further on the bill as amended?

SEN. FONFARA:

Mr. President.

THE CHAIR:

Senator Fonfara.

SEN. FONFARA:

Thank you, Mr. President. For the purpose of legislative intent, passage of this bill will not require creditors to modify their regular billing documents used to communicate with customers to include the wording described in Section 36-243c-6 of the regulations in implementing this statute.

The purpose is to prohibit deceptive communications which induce the debtor to provide information to the creditor not to require that any specific words be used. Therefore, for example,

statements that are clearly bills informing customers what is owed would be in compliance with the statute without additional language.

Thank you, Mr. President. I move passage of the bill.

THE CHAIR:

Thank you, Senator Fonfara. Will you remark further on the bill as amended? Will you remark further? Senator Fonfara.

SEN. FONFARA:

Mr. President, thank you. Without objection, I would move this bill to the Consent Calendar.

THE CHAIR:

Is there objection to this item going on the Consent Calendar? Seeing none, so ordered.

THE CLERK:

Calendar 104, File 90, SB1017 An Act Concerning Inheritance by Parent Who Abandons Child. Favorable Report of the Committee on Judiciary.

THE CHAIR:

Senator Williams.

SEN. WILLIAMS:

Thank you, Mr. President. I move adoption of the Joint Committee's Favorable Report and passage of the bill.

Calendar Page 20, Calendar 433, Substitute for
SB1266.

Calendar Page 25, Calendar 65, Substitute for
SB900.

Calendar 104, SB10017. SB 1017

Madam President, that completes the Second Consent
Calendar.

THE CHAIR:

Will the Clerk once again announce a roll call
vote. The machine will be opened.

THE CLERK:

An immediate roll call has been ordered in the
Senate. Will all Senators please return to the
Chamber.

An immediate roll call has been ordered in the
Senate. Will all Senators please return to the
Chamber.

THE CHAIR:

If all members have voted, the machine will be
locked. The Clerk please take a tally. The Clerk
please announce the tally.

THE CLERK:

Motion is on adoption of Consent Calendar Number
Two. Total number voting, 35; necessary for adoption
18. Those voting "yea", 35; those voting "nay", 0.

Those absent and not voting, 1.

THE CHAIR:

The Consent Calendar is adopted. Senator Jepsen.

SEN. JEPSSEN:

Thank you, Madam President. We had another Go list for tonight, but rather than do that, I think we'll just do a session tomorrow. I was just joking. (LAUGHTER) Thanks to all of your patience in doing the extra work tonight, we'll have a free weekend and expect to be in here, Senate Democratic Caucus at 10:00 o'clock on Monday morning with the expectation of going into session at noon or shortly thereafter.

THE CHAIR:

Thank you, Senator Jepsen. Senator Williams.

SEN. WILLIAMS:

Thank you, Madam President. There will be a meeting of the Judiciary Committee today, 15 minutes prior to the House session.

THE CHAIR:

Senator Gaffey.

SEN. GAFFEY:

Thank you, Madam President. The Education Committee will meet on Monday, one-half hour before whichever Chamber goes into session first.

THE CHAIR:

H-773

CONNECTICUT
GEN. ASSEMBLY
HOUSE

PROCEEDINGS
1997

VOL. 40
PART 15
5354-5736

gmh

House of Representatives

Monday, June 2, 1997

SPEAKER RITTER:

Thank you, Representative Maddox. Are there any other announcements -- Deputy Speaker, Wade Hyslop from the 39th.

REP. HYSLOP: (39TH)

Mr. Speaker, good morning. How are you?

SPEAKER RITTER:

Good morning, sir.

REP. HYSLOP: (39TH)

Mr. Speaker, I would like to announce to the chamber today, today will be the last day if anyone wants to support the Sickle Cell Foundation. If they would stop by my desk, hopefully before three o'clock. We would be glad to accommodate them. Thank you.

SPEAKER RITTER:

Thank you, sir.

Are there any other points or announcements? This maybe our last opportunity to -- Clerk, please start with the Call of the Calendar with Calendar 697, page 26.

CLERK:

The State of Connecticut, House of Representatives' Calendar for Monday, June 2, 1997. On page 26, Calendar 697, Substitute for Senate Bill Number 900, AN ACT CONCERNING CREDITORS' COLLECTION

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House of Representatives

Monday, June 2, 1997

PRACTICES. Favorable Report of the Committee on
Judiciary.

SPEAKER RITTER:

The honorable Chair of the Banks Committee,
Representative McCavanagh. You have the floor, sir.

REP. MCCA VANAGH: (12TH)

Mr. Speaker, I move the Joint Committee's
Favorable Report and passage of the bill in concurrence
with the Senate.

SPEAKER RITTER:

The motion is on acceptance and passage in
concurrence with the Senate. Please proceed.

REP. MCCA VANAGH: (12TH)

Mr. Speaker, the bill would provide a collection
of creditors' and consumers' debts which do not involve
the extension of a credit shall be covered by the
requirements of Connecticut law governing creditors'
collection practices.

Mr. Speaker, I move -- if the Clerk would call LCO
6015, please.

SPEAKER RITTER:

The Clerk has LCO 6015. If he may call it and
Representative McCavanagh would like to summarize.

CLERK:

LCO 6015, Senate "A" offered by Senator Fonfara,

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et al.

SPEAKER RITTER:

Representative McCavanagh.

REP. MCCA VANAGH: (12TH)

Mr. Speaker, Senate "A" removed the exemption from the rent payments and added a \$20 bounced check fee. I move for adoption, Mr. Speaker.

SPEAKER RITTER:

The question is on adoption of Senate "A". Will you remark further?

REP. MCCA VANAGH: (12TH)

Mr. Speaker, I yield to Representative Stripp.

SPEAKER RITTER:

Representative Stripp, do you accept the yield, sir?

REP. STRIPP: (135TH)

Yes, I do, Mr. Speaker. Thank you, Mr. Speaker. Mr. Speaker, this bill basically moves the coverage, protection of the consumer regarding collection procedures and practices from not only secured debt and extensions of credit, but also to other kinds of debt that would be collected such as utility debts or other types of debt with the exclusion of rent payments.

Mr. Speaker, I think it's a valid move in the right direction to make sure that the consumer is

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protected from all sorts of harassment and difficult debt collection procedures and I also think the \$20 bad check or bounced check fee is quite appropriate and Mr. Speaker, I would urge all of my colleagues to support the passage of this bill and the amendment.

Thank you, Mr. Speaker.

SPEAKER RITTER:

Thank you, sir. Representative Roraback.

REP. RORABACK: (64TH)

Thank you, Mr. Speaker. Through you, a question to the proponent of the amendment.

SPEAKER RITTER:

Please proceed, sir.

REP. RORABACK: (64TH)

Mr. Speaker, as I read the amendment, I see that there can be a \$20 bounced check fee, but that fee could not be imposed under three difference circumstances. The first circumstance is if the drawer of stop payment on the check, that I understand, Mr. Speaker. The second circumstance is if a check has been stolen. That I understand, Mr. Speaker. But the third circumstance in which the fee cannot be imposed is a circumstance where the drawer has raised a reasonable defense with respect to the validity of the underlying debt.

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Through you, Mr. Speaker, to the proponent, I'm confused as to at what point in time that defense would have to be raised in order not to be exposed to that \$20 fee. Through you, Mr. Speaker.

SPEAKER RITTER:

Representative McCavanagh.

REP. MCCAVANAGH: (12TH)

Through you, Mr. Speaker. The bill does not clarify that right now. Mr. Speaker.

SPEAKER RITTER:

Representative Roraback.

REP. RORABACK: (64TH)

Just, through you, Mr. Speaker, is it the proponent's understanding that if I bounce a check and then if the bank wants to -- or if the person I write the check to wants to do a \$20 bounced check fee and then if I say, but in fact the goods that I am paying for I want to dispute the validity of the debt that I was -- that the check was intended to pay, that I would therefore be able to get out from under that \$20 bounced check fee? Through you, Mr. Speaker.

SPEAKER RITTER:

Representative McCavanagh.

REP. MCCAVANAGH: (12TH)

Yes.

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REP. RORABACK: (64TH)

Thank you, Mr. Speaker.

SPEAKER RITTER:

Thank you, sir.

REP. RORABACK: (64TH)

And now I will tell my constituents that I have done something for them this session if the amendment should pass.

Thank you, Mr. Speaker.

SPEAKER RITTER:

Thank you. You will say that any way.

Representative Sawyer.

REP. SAWYER: (55TH)

Thank you, Mr. Speaker. A question for Representative McCavanagh.

SPEAKER RITTER:

Please proceed, Madam.

REP. SAWYER: (55TH)

Representative, could you tell me what the present law is regarding a service charge? How much do we allow banks to charge?

SPEAKER RITTER:

Representative McCavanagh.

REP. MCCAVANAGH: (12TH)

Through you, Mr. Speaker. First of all, this is

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not banks we are dealing with. This is the retail credit.

SPEAKER RITTER:

Representative Sawyer.

REP. SAWYER: (55TH)

Well, I was going to ask the difference between banks and retail if there was a similarity. And if you knew what the law is.

REP. MCCA VANAGH: (12TH)

Through you, Mr. Speaker to Representative Sawyer, there is nothing specific in the law at this time. That's why we are introducing this amendment.

SPEAKER RITTER:

Representative Sawyer.

REP. SAWYER: (55TH)

So banks have no ceiling on the amount that they can charge, but we are now doing it for retail?

REP. MCCA VANAGH: (12TH)

Mr. Speaker, banks can already do this. It has nothing to do with banks. Through you, Mr. Speaker.

SPEAKER RITTER:

Representative Sawyer.

REP. SAWYER: (55TH)

Well, the question I was coming to was the situation when we have problems with checks. Certainly

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banks are involved at that time, when people are trying to cash them and I was trying to establish if there was a comparison between the two, but you are saying then, sir, that there is none, that this is something unique then only to retail?

REP. MCCA VANAGH: (12TH)

Through you, Mr. Speaker. That is true.

REP. SAWYER: (55TH)

Thank you, sir.

SPEAKER RITTER:

Will you remark further on Senate "A"? If not, I will try your minds.

All in favor, signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER RITTER:

Opposed, no. Senate "A" is adopted. Will you remark further on this bill as amended by Senate "A"? If not, staff and guests, come to the well of the House. The machine will be opened.

CLERK:

The House of Representatives is voting by roll call. Members to the Chamber. The House is taking a roll call vote. Members to the Chamber, please.

SPEAKER RITTER:

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Have all members voted? Please check the roll call machine to make sure your vote is properly cast. If all members have voted, the machine will be locked. Push your button. The machine will be locked.

Clerk, please take the tally.

Clerk, please announce the tally.

CLERK:

Senate Bill Number 900, as amended by Senate "A"
in concurrence with the Senate

Total Number Voting	128
Necessary for Passage	65
Those voting Yea	112
Those voting Nay	16
Those absent and not Voting	23

SPEAKER RITTER:

The bill passes.

Clerk, please call Calendar 677.

CLERK:

On page 22, Calendar 677, Substitute for Senate Bill Number 902, AN ACT CONCERNING APPLICATION FEES CHARGED BY THE DEPARTMENT OF BANKING. Favorable Report of the Committee on Finance.

SPEAKER RITTER:

Representative McCavanagh.

REP. MCCAVANAGH: (12TH)

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REP. DEMARINAS: I know that the reason that you want it changed is to make this less burdensome for a bank when they change--when they're going to consolidate, merge or one of those things, but the community reinvestment requirement is very important, especially in a community like mine. Do you--how do you monitor that? Do you require a periodic report of what they're doing?

COM. BURKE: Oh, we do an examination--a full examination. Minimum annually. Minimum annually, and they are rated. And that rating is made public.

REP. DEMARINAS: All right, so that when somebody comes in to change something you have something usually within that year?

COM. BURKE: Absolutely. So there is a rating, and it's done either by our--we have a group of examiners who do that and we'll do our own examination, or we will share examinations with the federal CRA examiners. They do a full examination and write a detailed report, it's as detailed as a full bank examination, and it rates the bank unsatisfactory, satisfactory, or outstanding. And that is public information so that they can't hide anything.

REP. DEMARINAS: So what was happening, then, you would have to do it--they would have to do it all over again--

COM. BURKE: Yeah, they'd have to present a plan and it just seemed to be undue burden and as I mentioned earlier, I think it's more important what they've done and what they're doing, rather than what they say they're going to do and that's really what this does.

REP. DEMARINAS: I have one more question. SB900, the CREDITORS COLLECTION PRACTICES--

COM. BURKE: Yes?

REP. DEMARINAS: You're asking to expand the definition of who is a creditor, and who is a debtor.

COM. BURKE: Yeah, Gayle--Gayle, or Bob Focht is going to discuss that, at this point, with you.

REP. DEMARINAS: He is? Can I ask him the questions?

COM. BURKE: Sure can.

REP. DEMARINAS: All right, I'll wait.

REP. MCCA VANAGH: Representative Newton?

REP. NEWTON: Commissioner, on the satellite devices-- and I know Representative Fonfara has a bill that I guess we will be hearing on double charging of fees, and I see where you don't want to charge them for putting an ATM or those kind of things, you know, I don't know if I support, you know, this piece of legislation, because, you know, we're getting charged, I know the federal government's doing a whole study on the bank fees of ATM machines, and you know maybe we need to charge the banks a little more since they charge us, the consumer. I think it's something that we're going to be looking at on this--on the banking committee. And it's a bill then, so when that time comes, maybe you can come back and talk to us about it, but maybe we need to charge the banks more for moving ATMs. HB 6508

COM. BURKE: Keep in mind, the current legislation enabling people to open up ATMs, at least in our judgment, prevents this so-called double charge. And, what we're saying is we think ATM is a good service. It's a convenience, it helps communities, where you don't have a bank, it--you know, they have access, so we don't want to restrict the ATMs or make it difficult to open up one. That's fine. Now, the charging that the banks decide to do is really a whole new set of problems, as you know we are currently being tested on.

REP. MCCA VANAGH: Senator Fonfara?

SEN. FONFARA: Thank you, Mr. Chairman. Commissioner, you mentioned earlier that, with respect to the credit union, convert from a credit union to a bank, RB898, that you didn't expect a windfall or a

REP. MCCA VANAGH: I believe SB900?

BOB FOCHT: I was prepared to say good morning, but I can't now. Good afternoon. I'm Bob Focht. I'm the Director of the Consumer Credit Division of the State Department of Banking, and I'm going to testify this morning in support of SB900, AN ACT CONCERNING CREDITORS COLLECTION PRACTICES. We've submitted a detailed memo concerning this bill and I'll attempt to just briefly summarize it here.

This is the Department of Banking proposal, the purpose of which is to assure that all efforts to collect consumer debts are covered by the statute and regulations concerning debt collection practices. Under the current statute, the definition of the term creditor is such that businesses which do not formally extend credit in the ordinary course of business, but to which consumers may never the less owe money, are not subject to the same standards of collection practice conduct as businesses which routinely extend credit. For instance, a business which does not extend credit, but which may accept checks in payment for goods and services, would not, under the current law, be subject to the same collection practice standards as a creditor, if that business were to attempt to collect on one of those returned checks, or on one of those checks which was returned. This proposal simply changes the definitions to assure that any business to which a debt is owed by a consumer, regardless of how that debt was incurred, will be required to adhere to this same collection practice standards as credit grantors currently are, the proverbial level playing field. We believe this is a proposal which is favorable to consumers and we urge your support, and if there are any questions, I would be happy to answer them.

REP. MCCA VANAGH: Any questions of--Representative DeMarinas?

REP. DEMARINAS: Yes, the sheet that we're given here, the effect of the bill, I have a question about this. It says that the bill shifts the focus of

the term creditor and then it excludes consumer collection agencies and state and federal departments and agencies in their political subdivisions from the scope of the definition of creditor, and I'm a little confused if we're adding people to be covered by that, why are we excluding them?

BOB FOCHT: Let me address--first collection agencies. Collection agencies are already governed both federally and by the state with a set of collection practice regulations, which is for all practical purposes identical to the regulations which implement this statute. But collection agencies are treated separately, in essence because they're collecting other peoples debts rather than their own, and as far as state and federal departments and political subdivisions, we didn't feel it was appropriate for one entity of government to be trying to regulate another entity of government, and so we have never had a situation where we have been asked to enforce the regulations against a governmental entity, and I don't expect we will.

REP. DEMARINAS: Are there--I don't think there are any penalties for violating these rules, set of standards--are there, am I correct?

BOB FOCHT: Well, this is a statute which is subject to the Commissioner's general jurisdiction and all of the provisions that the Commissioner may apply against any entity under his general supervision would be applicable here, so that civil penalties are a possibility, cease and desist orders, all of the enforcement tools that the Commissioner has available to him are available with respect to the enforcement of this statute, and the recodification bill that was passed several years ago, all of the enforcements-type language was removed from any individual statutes and placed in one section of the General Statutes, and it is applicable to all of those statutes which the Commissioner enforces.

REP. DEMARINAS: So, is that--have they ever been applied to anybody who's violated the--?

BOB FOCHT: We primarily get voluntary assurances of

compliance, which work very well. Once we focus on a creditor who has been using collection practices which are contrary to the regulations, their attention is usually given very quickly to cleaning up their act. In addition, the general atmosphere in the past ten or fifteen years has been that even collection agencies have cleaned up their act considerably, and that the kinds of things that you see going on in the distant past are not the kinds of things that you see going on in today's climate.

REP. DEMARINAS: I would respectfully disagree with you, though I'm not the debtor that has seen some practices, I certainly would not approve of and I don't think you would either. No, I accept the comment both Senator Lunny and I had, in bills which would put some more teeth in the penalty side of this.

BOB FOCHT: With respect to that, the Connecticut Unfair Trade Practices Acts, provides individuals with the kind of remedies that I think you're talking about, under existing law. We don't see that used very often, but it's there for any one of the citizens of Connecticut to use.

REP. DEMARINAS: People don't seem to be aware that we, again, in my area we have had considerable layoffs, and people are having credit problems, and the collection practices, before things are resolved can be pretty ferocious. This is my concern, and why I am asking you, but thank you.

BOB FOCHT: You're welcome.

REP. MCCA VANAGH: Any other questions for Bob Focht?
Bob, thank you very much.

BOB FOCHT: Thank you.

REP. MCCA VANAGH: Gayle Fierer?

HB 6507 HB 6510 HB 6512 HB 6513
GAYLE FIERER: Representative McCavanagh, members of the Banks Committee, good afternoon. My name is Gayle Fierer, Supervising Administrative Attorney at the Department of Banking. Thank you again for this opportunity to give brief testimony on the last



STATE OF CONNECTICUT
DEPARTMENT OF BANKING

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John P. Burke
Commissioner

BANKS COMMITTEE PUBLIC HEARING FEBRUARY 6, 1997

MEMORANDUM RE: An Act Concerning Creditors' Collection Practices
(S.B. 900)

STATEMENT OF PURPOSE: To provide that the collection by creditors of consumer debts which do not involve an extension of credit shall be covered by the requirements of Connecticut law governing creditors' collection practices.

FROM: John P. Burke, Banking Commissioner

PRESENT LAW: Section 36a-645(1) defines the terms "consumer debtor" and "debtor" to mean any natural person to whom credit for personal, family, or household purposes has been extended.

Section 36a-645(2) defines the term "credit."

Section 36a-645 (3) defines the term "creditor" to mean any person who, in the ordinary course of business extends credit to a consumer debtor residing in Connecticut.

Section 36a-645(4) defines the term "debt" to mean an obligation owed by a consumer debtor to a creditor.

EFFECT OF S.B. 900: The bill changes the focus of the definition of "consumer debtor" such that a "consumer debtor" is now a natural person who owes a debt to a creditor, and removes the term "debtor" from Section 36a-645(1).

In addition, this bill eliminates the definition of "credit" from Section 36a-645.

The bill shifts the focus of the term "creditor" such that a creditor is now a person to whom a debt is owed by a consumer debtor, and excludes consumer collection agencies and state and federal departments and agencies and their political subdivisions from the scope of the definition of "creditor."

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The bill clarifies the term "debt" to mean an obligation or alleged obligation arising out of a transaction in which the money, property, goods or services which are the subject of the transaction are for personal, family, or household purposes, regardless of whether such obligation has been reduced to judgment.

BANKING COMMISSIONER'S
POSITION:

This is a Department of Banking proposal. This is a consumer-oriented bill that expands the types of consumer debtors who will be protected by the state's Creditors' Collection Practices laws, designed to protect consumer debtors from abusive collection practices. By defining the term "consumer debtor" to apply only when a creditor extends "credit," the current law excludes the collection of certain consumer debts from the scope of the Creditors' Collection Practices laws. For example, a landlord has been deemed not to be extending "credit" when leasing an apartment, and therefore, would not be subject to the prohibited practices contained within the Creditors' Collection Practices laws when attempting to collect unpaid rent. A further anomaly is that a store that extends credit for a purchase currently has to abide by the Creditors' Collection Practices law, but that same store that accepts a personal check and tries to collect when on a dishonored check is not subject to that same law. This bill removes these types of discrepancies such that the Creditors' Collection Practices laws will now apply to all creditors who attempt to collect consumer debts. It should be noted that this bill also brings the Creditors' Collection Practices laws in line with similar federal law regarding consumer debt collection practices.