

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 17-0298.01 Kristen Forrestal x4217

SENATE BILL 17-216

SENATE SPONSORSHIP

Gardner,

HOUSE SPONSORSHIP

Becker K. and Lontine,

Senate Committees

Judiciary
Appropriations

House Committees

Finance
Appropriations

A BILL FOR AN ACT

101 CONCERNING CONTINUATION OF THE REGULATION OF COLLECTION
102 AGENCIES UNDER THE "COLORADO FAIR DEBT COLLECTION
103 PRACTICES ACT", AND, IN CONNECTION THEREWITH,
104 IMPLEMENTING THE RECOMMENDATIONS OF THE 2016 SUNSET
105 REPORT OF THE DEPARTMENT OF REGULATORY AGENCIES AND
106 MAKING AN APPROPRIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Sunset Process - Senate Judiciary Committee. The bill

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
May 2, 2017

SENATE
3rd Reading Unamended
April 20, 2017

SENATE
Amended 2nd Reading
April 19, 2017

implements the recommendations of the sunset review and report on the continuation of the "Colorado Fair Debt Collection Practices Act" (Act) by:

- ! Continuing the Act through 2028;
- ! Defining what is expected of a collection agency that purchases, sells, or attempts to collect on a purchased debt;
- ! Clarifying that when a collection agency attempts to collect on a debt, the Act applies, by removing language from the definition of "debt";
- ! Clarifying that the statute of limitations for private actions and actions by the administrator of the Act is 4 years;
- ! Repealing the collection agency board; and
- ! Allowing consumers who have monetary judgments against a collection agency to access surety bond funds.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 24-34-104, **repeal**
3 (12)(a)(VII); and **add** (29) as follows:

4 **24-34-104. General assembly review of regulatory agencies**
5 **and functions for repeal, continuation, or reestablishment - legislative**
6 **declaration - repeal.** (12) (a) The following agencies, functions, or both,
7 will repeal on July 1, 2017:

8 ~~(VII) The regulation of collection agencies in accordance with~~
9 ~~article 14 of title 12, C.R.S.;~~

10 (29) (a) THE FOLLOWING AGENCIES, FUNCTIONS, OR BOTH, ARE
11 SCHEDULED FOR REPEAL ON SEPTEMBER 1, 2028:

12 (I) THE ADMINISTRATION OF THE "COLORADO FAIR DEBT
13 COLLECTION PRACTICES ACT" BY THE ADMINISTRATOR OF THE "UNIFORM
14 CONSUMER CREDIT CODE", ARTICLES 1 TO 9 OF TITLE 5, IN ACCORDANCE
15 WITH ARTICLE 14 OF TITLE 12.

16 (b) THIS SUBSECTION (29) IS REPEALED, EFFECTIVE SEPTEMBER 1,
17 2030.

1 **SECTION 2.** In Colorado Revised Statutes, **amend** 12-14-137 as
2 follows:

3 **12-14-137. Repeal of article.** This ~~article~~ ARTICLE 14 is repealed,
4 effective ~~July 1, 2017~~ SEPTEMBER 1, 2028. BEFORE ITS REPEAL, THIS
5 ARTICLE 14 IS SCHEDULED FOR REVIEW IN ACCORDANCE WITH SECTION
6 24-34-104.

7 **SECTION 3.** In Colorado Revised Statutes, 12-14-103, **amend**
8 the introductory portion; **repeal (1.5); and add (6.5)** as follows:

9 **12-14-103. Definitions.** As used in this ~~article~~ ARTICLE 14, unless
10 the context otherwise requires:

11 (1.5) "~~Board~~" ~~means the collection agency board created in~~
12 ~~section 12-14-116.~~

13 =
14 (6.5) "DEBT BUYER" MEANS A PERSON WHO ENGAGES IN THE
15 BUSINESS OF PURCHASING DELINQUENT OR DEFAULTED DEBT FOR
16 COLLECTION PURPOSES, WHETHER IT COLLECTS THE DEBT ITSELF, HIRES A
17 THIRD PARTY FOR COLLECTION, OR HIRES AN ATTORNEY FOR LITIGATION
18 IN ORDER TO COLLECT THE DEBT. DEBT BUYERS ARE COLLECTION
19 AGENCIES FOR THE PURPOSES OF THIS ARTICLE 14.

20 **SECTION 4.** In Colorado Revised Statutes, 12-14-111, **add (2),**
21 **(3), and (4)** as follows:

22 **12-14-111. Legal actions by collection agencies. (2)** A DEBT
23 COLLECTOR OR COLLECTION AGENCY WHO BRINGS A LEGAL ACTION ON A
24 DEBT OWNED BY A DEBT BUYER SHALL ATTACH THE FOLLOWING
25 MATERIALS TO THE COMPLAINT OR FORM:

26 (a) (I) A COPY OF THE CONTRACT, ACCOUNT-HOLDER AGREEMENT,
27 OR OTHER WRITING FROM THE ORIGINAL CREDITOR OR THE CONSUMER

1 EVIDENCING THE CONSUMER'S AGREEMENT TO THE ORIGINAL DEBT:

2 (II) IN THE CASE OF A MEDICAL DEBT, A COPY OF A REDACTED
3 ITEMIZATION OF CHARGES INCURRED;

4 (III) IF A SIGNED WRITING EVIDENCING THE ORIGINAL DEBT DOES
5 NOT EXIST, A COPY OF THE DOCUMENT PROVIDED TO THE CONSUMER
6 WHILE THE ACCOUNT WAS ACTIVE, DEMONSTRATING THAT THE DEBT WAS
7 INCURRED BY THE CONSUMER; OR, FOR A CREDIT CARD DEBT, THE MOST
8 RECENT MONTHLY STATEMENT RECORDING A PURCHASE TRANSACTION,
9 PAYMENT, OR BALANCE TRANSFER; OR

10 (IV) IF A CLAIM IS BASED ON AN ELECTRONIC TRANSACTION FOR
11 WHICH A SIGNED WRITING EVIDENCING THE ORIGINAL DEBT NEVER
12 EXISTED, A COPY OF THE RECORDS CREATED DURING THE TRANSACTION
13 EVIDENCING THE CONSUMER'S AGREEMENT TO THE DEBT AND RECORDING
14 THE DATE AND TERMS OF THE TRANSACTION AND INFORMATION PROVIDED
15 BY THE CONSUMER DURING THE TRANSACTION; AND

16 (b) A COPY OF THE ASSIGNMENT OR OTHER WRITING ESTABLISHING
17 THAT THE DEBT BUYER IS THE OWNER OF THE DEBT. IF THE DEBT WAS
18 ASSIGNED MORE THAN ONCE, EACH ASSIGNMENT OR OTHER WRITING
19 EVIDENCING TRANSFER OF OWNERSHIP MUST BE ATTACHED TO ESTABLISH
20 AN UNBROKEN CHAIN OF OWNERSHIP, BEGINNING WITH THE ORIGINAL
21 CREDITOR TO THE FIRST DEBT BUYER AND EACH SUBSEQUENT SALE.

22 (3) PRIOR TO ENTRY OF A DEFAULT JUDGMENT AGAINST A
23 CONSUMER IN A LEGAL ACTION ON A DEBT OWNED BY A DEBT BUYER, THE
24 PLAINTIFF SHALL FILE WITH THE COURT EVIDENCE THAT SATISFIES THE
25 REQUIREMENTS OF RULES 803(6) AND 902(11) OF THE COLORADO RULES
26 OF EVIDENCE OR IS OTHERWISE AUTHORIZED BY LAW OR RULE THAT
27 ESTABLISHES THE AMOUNT AND NATURE OF THE DEBT AND INCLUDE:

- 1 (a) THE ORIGINAL ACCOUNT NUMBER AT CHARGE-OFF;
- 2 (b) THE ORIGINAL CREDITOR AT CHARGE-OFF;
- 3 (c) THE AMOUNT DUE AT CHARGE-OFF OR, IF THE BALANCE HAS
- 4 NOT BEEN CHARGED OFF, AN ITEMIZATION OF THE AMOUNT CLAIMED TO BE
- 5 OWED, INCLUDING THE PRINCIPAL, INTEREST, FEES, AND OTHER CHARGES
- 6 OR REDUCTIONS FROM PAYMENT MADE OR OTHER CREDITS;
- 7 (d) AN ITEMIZATION OF POST CHARGE-OFF ADDITIONS, IF ANY;
- 8 (e) (I) THE DATE OF THE LAST PAYMENT, IF APPLICABLE; OR
- 9 (II) THE DATE OF THE LAST TRANSACTION; AND
- 10 (f) IF THE ACCOUNT IS NOT A REVOLVING CREDIT ACCOUNT, THE
- 11 DATE THE DEBT WAS INCURRED.

12 (4) IN THE ABSENCE OF EVIDENCE REQUIRED BY SUBSECTIONS
13 (2)(a) OR (2)(b) AND (3) OF THIS SECTION, AN AFFIDAVIT DOES NOT SATISFY
14 THE REQUIREMENTS OF THESE SUBSECTIONS.

15 **SECTION 5.** In Colorado Revised Statutes, 12-14-113, **amend**
16 (3) and (4) as follows:

17 **12-14-113. Civil liability.** (3) A debt collector, private child
18 support collector, as defined in section 12-14.1-102 (9), or collection
19 agency may not be held liable in any action brought pursuant to ~~the~~
20 ~~provisions of this article~~ THIS SECTION if the debt collector or collection
21 agency shows by a preponderance of evidence that the violation was not
22 intentional or grossly negligent and ~~which~~ THE violation resulted from a
23 bona fide error, notwithstanding the maintenance of procedures
24 reasonably adapted to avoid any such error.

25 (4) ~~An~~ A PRIVATE action to enforce any liability created by ~~the~~
26 ~~provisions of this article may~~ THIS SECTION MUST be brought in any court
27 of competent jurisdiction within one year from the date on which the

1 violation occurs.

2 **SECTION 6.** In Colorado Revised Statutes, **repeal** 12-14-116.

3 **SECTION 7.** In Colorado Revised Statutes, 12-14-117, **repeal**
4 (1); and add (6), (7), and (8) as follows:

5 **12-14-117. Powers and duties of the administrator.** (1) ~~Any~~
6 ~~provision of this article to the contrary notwithstanding, the board, created~~
7 ~~by section 12-14-116, is under the supervision and control of the~~
8 ~~administrator, who may exercise any of the powers granted to the board.~~

9 (6) THE ADMINISTRATOR SHALL PREPARE A REPORT ACCOUNTING
10 FOR THE EFFICIENT DISCHARGE OF ALL RESPONSIBILITIES ASSIGNED BY
11 LAW AND THE GENERAL ADMINISTRATION OF THE PROGRAM ON A
12 BIANNUAL BASIS. IN ADDITION TO ANY OTHER INFORMATION DEEMED
13 RELEVANT BY THE ADMINISTRATOR, THE BIANNUAL REPORT SHALL
14 ADDRESS WITH SPECIFICITY THE FOLLOWING: ENFORCEMENT ACTIONS
15 COMPLETED AND WHETHER THOSE ACTIONS WERE APPEALED OR
16 OTHERWISE CHALLENGED, THE NUMBER OF COMPLAINTS PROCESSED AND
17 DETAILS AS TO OUTCOMES AND RESOLUTIONS OF COMPLAINTS, AND
18 CHANGES TO THE PROGRAM AND HOW THEY RELATE TO INDUSTRY OR
19 CONSUMER CONCERNS. THE REPORT SHALL INCLUDE A DESCRIPTION OF
20 ANY SIGNIFICANT LEGAL FILINGS SUCH AS AMICUS BRIEFS IN ANY COURT
21 AND A SUMMARY OF NEW REGULATIONS, LEGAL DEVELOPMENTS THAT
22 DIRECTLY IMPACT THE PROGRAM OR PROGRAM CHANGES, AND ANY
23 SIGNIFICANT MATTERS THAT NEED TO BE ADDRESSED AT THE REQUEST OF
24 THE REGULATED COMMUNITY OR PUBLIC. THE REPORT SHALL BE
25 SUBMITTED TO THE SENATE JUDICIARY COMMITTEE AND THE HOUSE
26 JUDICIARY COMMITTEE AND PUBLISHED ON THE ATTORNEY GENERAL'S
27 WEBSITE BY JULY 1 AND DECEMBER 31 OF EACH YEAR.

1 (7) IN ORDER TO FACILITATE INFORMATION SHARING, TO PRESENT
2 THE BIENNIAL REPORT OR SIMILAR INFORMATION, AND TO SOLICIT
3 INFORMATION RELEVANT TO THE GENERAL ADMINISTRATION OF THE
4 PROGRAM, THE ADMINISTRATOR, OR REPRESENTATIVE DESIGNATED BY THE
5 ATTORNEY GENERAL, SHALL ATTEND MEETINGS AND CONFERENCES OF
6 INTERESTED AND RELEVANT GROUPS AND ASSOCIATIONS. UPON
7 ATTENDANCE, THE ADMINISTRATOR SHALL HAVE MINUTES FROM THOSE
8 MEETINGS PREPARED AND PUBLISHED ON THE ATTORNEY GENERAL'S
9 WEBSITE AND MADE PART OF THE NEXT BIENNIAL REPORT. THE
10 ADMINISTRATOR, OR DESIGNEE, SHALL ATTEND THE FOLLOWING ON AN
11 ANNUAL BASIS:

12 (a) AT THE INVITATION OF THE COLLECTION AGENCY INDUSTRY,
13 ONE LOCAL AND ONE NATIONAL ASSOCIATION OF COLLECTION AGENCIES
14 OR OTHER COLLECTION AGENCY TRADE ASSOCIATION MEETING;

15 (b) AT THE INVITATION OF THE COLLECTION AGENCY INDUSTRY,
16 ONE ANNUAL MEETING OF OTHER BUSINESS ENTITY ASSOCIATIONS OR
17 GROUPS THAT REPRESENT CLIENTS OF COLLECTION AGENCIES, DEBT
18 BUYERS, OR OTHER RELATED TRADE ASSOCIATIONS; AND

19 (c) ONE ANNUAL MEETING OF A RELEVANT CONSUMER ADVOCACY
20 ASSOCIATION.

21 (8) THE ADMINISTRATOR SHALL HOST AN ANNUAL PUBLIC MEETING
22 IN JANUARY OF EACH YEAR, WITH DIRECT NOTICE AT LEAST ONE MONTH IN
23 ADVANCE TO CONSUMER ADVOCACY GROUPS AND ASSOCIATIONS AND
24 OTHER INTERESTED PARTIES. THE ADMINISTRATOR SHALL ALSO HOST AN
25 ANNUAL PUBLIC MEETING IN JULY OF EACH YEAR WITH DIRECT NOTICE AT
26 LEAST ONE MONTH IN ADVANCE TO LICENSEES, INDUSTRY GROUPS, CLIENT
27 GROUPS AND OTHER INTERESTED PARTIES.

1 (9) THIS SUBSECTION (9) AND SUBSECTIONS (6), (7), AND (8) OF
2 THIS SECTION ARE REPEALED, EFFECTIVE JULY 1, 2020.

3 ==
4 **SECTION 8.** In Colorado Revised Statutes, 12-14-124, **add** (12)
5 as follows:

6 **12-14-124. Bond.** (12) A BOND SHALL NOT BE REQUIRED OF A
7 DEBT BUYER AS LONG AS THE DEBT BUYER DOES NOT ALSO PROVIDE
8 THIRD-PARTY DEBT COLLECTION.

9 == ==
10 **SECTION 9.** In Colorado Revised Statutes, **add** 12-14-128.5 as
11 follows:

12 **12-14-128.5. Statute of limitations - actions by administrator.**
13 AN ACTION OR PROCEEDING BROUGHT BY THE ADMINISTRATOR PURSUANT
14 TO THIS ARTICLE 14 OR PURSUANT TO ANY RULE ISSUED BY THE
15 ADMINISTRATOR UNDER THIS ARTICLE 14 MUST BE BROUGHT WITHIN TWO
16 YEARS AFTER THE DATE ON WHICH THE VIOLATION OCCURRED.

17 **SECTION 10.** In Colorado Revised Statutes, 12-14-130, **amend**
18 (12) as follows:

19 **12-14-130. Complaint - investigations - powers of**
20 **administrator - sanctions.** (12) ~~Members of the collection agency~~
21 ~~board,~~ The administrator, expert witnesses, and consultants ~~shall be~~ ARE
22 immune from civil suit when they perform any duties in connection with
23 any proceedings authorized under this section in good faith. Any person
24 who files a complaint in good faith under this section ~~shall be~~ IS immune
25 from civil suit.

26 **SECTION 11.** In Colorado Revised Statutes, **add** 12-14-136.5 as
27 follows:

1 **12-14-136.5. Debts sold or resold after January 1, 2018. THIS**
2 **PART 1 APPLIES TO DEBT BUYERS WITH RESPECT TO CONSUMER DEBTS**
3 **SOLD OR RESOLD ON OR AFTER JANUARY 1, 2018.**

4 **SECTION 12. Appropriation.** For the 2017-18 state fiscal year,
5 \$6,640 is appropriated to the department of law. This appropriation is
6 from the collection agency cash fund created in section 12-14-136 (1)(a),
7 C.R.S. To implement this act, the department may use this appropriation
8 for the consumer credit unit.

9 **SECTION 13. Effective date.** **This act takes effect upon passage;**
10 **except that sections 3, 4, and 7 of this act take effect January 1, 2018.**

11 **SECTION 14. Safety clause.** The general assembly hereby finds,
12 determines, and declares that this act is necessary for the immediate
13 preservation of the public peace, health, and safety.