

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 4403
OFFERED BY MR. CLEAVER OF MISSOURI AND
MR. HILL OF ARKANSAS**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Stop Debt Collection
3 Abuse Act of 2019”.

4 SEC. 2. DEFINITIONS.

5 Section 803 of the Fair Debt Collection Practices Act
6 (15 U.S.C. 1692a) is amended—

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

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

12 “(5) The term ‘debt’ means—

13 “(A) any obligation or alleged obligation of
14 a consumer to pay money arising out of a
15 transaction in which the money, property, in-
16 surance, or services which are the subject of the
17 transaction are primarily for personal, family,

1 or household purposes, whether or not such ob-
2 ligation has been reduced to judgment; or

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

5 “(i) to pay a loan, an overpayment, a
6 fine, a penalty, a fee, or other money cur-
7 rently or originally owed to a Federal
8 agency; and

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

11 (3) in paragraph (6)—

12 (A) by striking the first sentence and in-
13 serting the following: “The term ‘debt collector’
14 means any person who uses any instrumentality
15 of interstate commerce or the mails in any busi-
16 ness the principal purpose of which is the col-
17 lection of any debts; who regularly collects or
18 attempts to collect, directly or indirectly, by the
19 person’s own means or by hiring another debt
20 collector, debts owed or due or asserted to be
21 owed or due another or that have been obtained
22 by assignment or transfer from another; or who
23 regularly collects debts currently or originally
24 owed or allegedly owed to a Federal agency.”;
25 and

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

4 **SEC. 3. DEBT COLLECTION PRACTICES FOR DEBT COLLEC-**
5 **TORS HIRED BY GOVERNMENT AGENCIES.**

6 (a) IN GENERAL.—The Fair Debt Collection Prac-
7 tices Act (15 U.S.C. 1692 et seq.) is amended by inserting
8 after section 812 (15 U.S.C. 1692j) the following:

9 **“§ 812A. Debt collection practices for debt collectors**
10 **hired by Federal agencies**

11 “(a) LIMITATION ON TIME TO TURN DEBT OVER TO
12 DEBT COLLECTOR.—A Federal agency that is a creditor
13 may sell or transfer a debt described in section 803(5)(B)
14 to a debt collector not earlier than 90 days after the date
15 on which the obligation or alleged obligation becomes de-
16 linquent or defaults.

17 “(b) REQUIRED NOTICE.—

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

24 “(2) FREQUENCY OF NOTIFICATIONS.—The
25 second and third notifications described in para-

1 graph (1) shall be made not less than 30 days after
2 the date on which the previous notification is
3 made.”.

4 (b) CLERICAL AMENDMENT.—The table of contents
5 for the Fair Debt Collection Practices Act is amended by
6 inserting after the item relating to section 812 the fol-
7 lowing:

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

8 **SEC. 4. UNFAIR PRACTICES.**

9 Section 808 of the Fair Debt Collection Practices Act
10 (15 U.S.C. 1692f) is amended by striking paragraph (1)
11 and inserting the following:

12 “(1) The collection of any amount (including
13 any interest, fee, charge, or expense incidental to the
14 principal obligation) unless—

15 “(A) such amount is expressly authorized
16 by the agreement creating the debt or permitted
17 by law; and

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

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

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

1 “(iii) not greater than 10 percent of
2 the amount collected by the debt col-
3 lector.”.

4 **SEC. 5. GOVERNMENT ACCOUNTABILITY OFFICE STUDY**
5 **AND REPORT.**

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

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

11 (2) the contracting process that allows a Fed-
12 eral, State, or local government agency to award
13 debt collection to a certain company, including the
14 selection process;

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

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

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

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

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

4 (8) the difference in debt collection procedures
5 across geographic regions, including the extent to
6 which debt collectors pursue court judgments to col-
7 lect debts; and

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

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

