


Government of the District of Columbia
Office of the Chief Financial Officer



Fitzroy Lee
Acting Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Fitzroy Lee
Acting Chief Financial Officer 

DATE: March 14, 2022

SUBJECT: Fiscal Impact Statement – Protecting Consumers from Unjust Debt
Collection Practices Amendment Act of 2022

REFERENCE: Bill 24-357, Committee Print as provided to the Office of Revenue
Analysis on February 28, 2022

Conclusion

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill.

Background

The bill updates the District's consumer debt collection laws and limits certain practices by debt collectors.

The bill expands the consumer protections provided under the law to any consumer debt, including credit card debt, medical debt, and condominium and homeowner association debt. The current definition limits consumer protections only to consumer credit sales, leases and direct installment loans.¹ The bill expands the definition of debt collector to include original creditors, which are entities that extended the original credit to consumers. This means debt such as credit cards issued by original creditors will now be subject to the same debt collection requirements as third-party collectors.

The bill caps the number of calls a debt collector can make to three per week. Texts and emails are limited to one per week, if the consumer provides express consent for the texts or emails. The bill also prohibits:

¹ D.C. Official Code § 28-3814(a).

- Disclosure or threatening to disclose information about debt or citizenship status in an attempt to threaten or discredit a consumer's reputation;
- Visiting or threatening to visit the debtor's home for the purpose of debt collection;
- Harassment or embarrassment of a debtor in any way;
- Initiating cause of action to collect when they should reasonably know the statute of limitation has expired;
- Attempting to collect funds exempt from garnishment under federal or state law, without letting the consumer know it is exempt; or
- Attempting to collect debts owed by a deceased consumer from a person with no legal obligation to pay the amounts owed.

The bill also adds and changes several communications and notification requirements for debt collectors.

Lastly, the bill provides a moratorium on debt collection activity during a declared public health emergency and for 60 days thereafter.²

When debt collectors file a claim in court, the court will be required to assess the plaintiff's compliance with certain provisions of the bill and requires the court to dismiss cases when the plaintiff has not complied. Consumers who file suit against debt collectors may be awarded damages of \$500 to \$4,000 per violation, and in class action lawsuits that is not more than \$4,000 multiplied by the number of class members.

Financial Plan Impact

Funds are sufficient in the fiscal year 2022 through fiscal year 2025 budget and financial plan to implement the bill. Enforcement of the law is conducted through private lawsuits, or actions initiated at the discretion of the Office of the Attorney General, so there are no additional enforcement costs expected. Debt collection practices on behalf of the Office of the Chief Financial Officer's collections unit already comply with the requirements of the bill, so no additional costs are expected to be incurred.

² Excluding debt secured by a mortgage on real property or owed for common expenses pursuant to D.C. Official Code § 42-1903.12, or attempting to collect delinquent debt pursuant to D.C. Official Code 1-350.01 *et. seq.*