

HCS HB 329 -- DEBT ADJUSTERS

SPONSOR: Cunningham (145)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Financial Institutions by a vote of 9 to 0.

This substitute allows a debt adjuster, working under a debt management plan, to act as an intermediary between a debtor and his or her creditors for the purpose of settling debts. The debt adjuster can charge a reasonable administration fee if the debtor is able to pay.

Debt adjusters will be required to provide a blanket bond of at least \$100,000 for the benefit of any debtor who is damaged by a debt adjuster.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill will allow consumer credit counseling businesses to charge a fee to consumers if they can afford to pay it. A new federal law prohibits these companies from asking for a donation, so there needs to be something in statute to allow these business to charge a fee to stay in business. Credit counseling companies help many consumers get out of debt.

Testifying for the bill were Representative Cunningham (145); Mike Cherry, Consumer Credit Counseling of Springfield; and Mark Guimond, American Association of Debt Management Organizations.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that it does not present any significant regulatory burden, and debt adjusters should be bonded. Recent federal law changes permit debtors to compensate debt adjusters.

Testifying on the bill was Division of Finance, Department of Insurance, Financial Institutions, and Professional Registration.