



General Assembly

**Substitute Bill No. 1086**

January Session, 2023



***AN ACT CONCERNING COERCED DEBT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-800 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2023*):

3 As used in this section, [and] sections 36a-801 to 36a-814, inclusive,  
4 and section 2 of this act, unless the context otherwise requires:

5 (1) "Advertise" or "advertising" has the same meaning as provided  
6 in section 36a-485;

7 (2) "Branch office" means a location other than the main office at  
8 which a licensee or any person on behalf of a licensee acts as a  
9 consumer collection agency;

10 (3) "Coerced debt" means a personal, family or household debt, or a  
11 portion of any such debt, in the name of an individual who is a victim  
12 of domestic violence, as defined in section 46b-1, that was incurred as a  
13 result of duress, intimidation, threat of force, force, fraud or undue  
14 influence;

15 [(3)] (4) "Consumer collection agency" means any person (A)  
16 engaged as a third party in the business of collecting or receiving  
17 payment for others on any account, bill or other indebtedness from a

18 consumer debtor, (B) engaged in the business of debt buying, or (C)  
19 engaged in the business of collecting or receiving tax payments,  
20 including, but not limited to, property tax and federal income tax  
21 payments, from a property tax debtor or federal income tax debtor on  
22 behalf of a municipality or the United States Department of the  
23 Treasury, including, but not limited to, any person who, by any device,  
24 subterfuge or pretense, makes a pretended purchase or takes a  
25 pretended assignment of accounts from any other person, municipality  
26 or taxing authority of such indebtedness for the purpose of evading  
27 the provisions of this section and sections 36a-801 to 36a-814, inclusive.  
28 "Consumer collection agency" includes persons who furnish collection  
29 systems carrying a name which simulates the name of a consumer  
30 collection agency and who supply forms or form letters to be used by  
31 the creditor, even though such forms direct the consumer debtor,  
32 property tax debtor or federal income tax debtor to make payments  
33 directly to the creditor rather than to such fictitious agency. "Consumer  
34 collection agency" further includes any person who, in attempting to  
35 collect or in collecting such person's own accounts or claims from a  
36 consumer debtor, uses a fictitious name or any name other than such  
37 person's own name which would indicate to the consumer debtor that  
38 a third person is collecting or attempting to collect such account or  
39 claim. "Consumer collection agency" does not include (i) an individual  
40 employed on the staff of a licensed consumer collection agency, or by a  
41 creditor who is exempt from licensing, when attempting to collect on  
42 behalf of such consumer collection agency, (ii) persons not primarily  
43 engaged in the collection of debts from consumer debtors who receive  
44 funds in escrow for subsequent distribution to others, including, but  
45 not limited to, real estate brokers and lenders holding funds of  
46 borrowers for payment of taxes or insurance, (iii) any public officer or  
47 a person acting under the order of any court, (iv) any member of the  
48 bar of this state, (v) a person who services loans or accounts for the  
49 owners thereof when the arrangement includes, in addition to  
50 requesting payment from delinquent consumer debtors, the providing  
51 of other services such as receipt of payment, accounting, record-  
52 keeping, data processing services and remitting, for loans or accounts

53 which are current as well as those which are delinquent, (vi) a bank or  
54 out-of-state bank, as defined in section 36a-2, and (vii) a subsidiary or  
55 affiliate of a bank or out-of-state bank, provided such affiliate or  
56 subsidiary is not primarily engaged in the business of purchasing and  
57 collecting upon delinquent debt, other than delinquent debt secured by  
58 real property. Any person not included in the definition contained in  
59 this subdivision is, for purposes of sections 36a-645 to 36a-647,  
60 inclusive, a "creditor", as defined in section 36a-645;

61 [(4)] (5) "Consumer debtor" means any natural person, not an  
62 organization, who has incurred indebtedness or owes a debt for  
63 personal, family or household purposes, including current or past due  
64 child support, who has incurred indebtedness or owes a debt to a  
65 municipality due to a levy by such municipality of a property tax or  
66 who has incurred indebtedness or owes a debt to the United States  
67 Department of the Treasury under the Internal Revenue Code of 1986,  
68 or any subsequent corresponding internal revenue code of the United  
69 States, as amended from time to time;

70 [(5)] (6) "Control person" has the same meaning as provided in  
71 section 36a-485;

72 [(6)] (7) "Creditor" means a person, including, but not limited to, a  
73 municipality or the United States Department of the Treasury, that  
74 retains, hires, or engages the services of a consumer collection agency;

75 [(7)] (8) "Debt buying" means collecting or receiving payment on  
76 any account, bill or other indebtedness from a consumer debtor for  
77 such person's own account if the indebtedness was acquired from  
78 another person and if the indebtedness was either delinquent or in  
79 default at the time it was acquired;

80 (9) "Documentation of coerced debt" means documentation,  
81 submitted under oath, identifying a debt, or a portion of a debt, as  
82 coerced debt and describing the circumstances under which the  
83 coerced debt was incurred, including, but not limited to, a (A) police

84 report, (B) Federal Trade Commission identity theft report identifying  
85 such debt, or portion of such debt, as coerced debt and not as a debt  
86 incurred as a result of identity theft, (C) court order, or (D) sworn  
87 written certification from a qualified third-party professional based on  
88 information such professional received while acting in such  
89 professional's professional capacity;

90 [(8)] (10) "Federal income tax" means all federal taxes levied on the  
91 income of a natural person or organization by the United States  
92 Department of the Treasury under the Internal Revenue Code of 1986,  
93 or any subsequent corresponding internal revenue code of the United  
94 States, as amended from time to time;

95 [(9)] (11) "Federal income tax debtor" means any natural person or  
96 organization who owes a debt to the United States Department of the  
97 Treasury;

98 [(10)] (12) "Main office" means the main address designated on the  
99 system;

100 [(11)] (13) "Municipality" means any town, city or borough,  
101 consolidated town and city, consolidated town and borough, district as  
102 defined in section 7-324 or municipal special services district  
103 established under chapter 105a;

104 [(12)] (14) "Organization" means a corporation, partnership,  
105 association, trust or any other legal entity or an individual operating  
106 under a trade name or a name having appended to it a commercial,  
107 occupational or professional designation;

108 [(13)] (15) "Property tax" has the meaning given to the term in  
109 section 7-560;

110 [(14)] (16) "Property tax debtor" means any natural person or  
111 organization who has incurred indebtedness or owes a debt to a  
112 municipality due to a levy by such municipality of a property tax;  
113 [and]

114 (17) "Qualified third-party professional" means a domestic violence  
115 counselor or sexual assault counselor, as those terms are defined in  
116 section 52-146k, psychiatrist licensed under chapter 370, psychologist  
117 licensed under chapter 383, clinical social worker licensed under  
118 chapter 383b, or an attorney admitted to the bar of this state and in  
119 good standing; and

120 [(15)] (18) "Unique identifier" has the same meaning as provided in  
121 section 36a-485.

122 Sec. 2. (NEW) (*Effective October 1, 2023*) If an individual provides  
123 documentation of coerced debt to a consumer collection agency, the  
124 consumer collection agency shall cease the collection of any debt  
125 identified as coerced debt in the documentation of coerced debt.  
126 Nothing in this section shall be construed to prevent a consumer  
127 collection agency from pursuing collection of a debt identified as  
128 coerced debt in documentation of coerced debt from the individual  
129 who is found to be the perpetrator of the coerced debt.

130 Sec. 3. Section 36a-695 of the general statutes is repealed and the  
131 following is substituted in lieu thereof (*Effective October 1, 2023*):

132 As used in this section, sections [36a-695] 36a-696 to 36a-699e,  
133 inclusive, and section 4 of this act, unless the context otherwise  
134 requires:

135 (1) "Coerced debt" has the same meaning as provided in section 36a-  
136 800, as amended by this act;

137 [(1)] (2) "Consumer" means an individual seeking credit for  
138 personal, family or household purposes;

139 [(2)] (3) "Creditor" means any person who extends credit in the  
140 ordinary course of business;

141 [(3)] (4) "Credit report" means any written or oral report,  
142 recommendation or representation of a credit rating agency as to the

143 credit worthiness, credit standing, or credit capacity of any consumer,  
 144 and includes any information which is sought or given for the purpose  
 145 of serving as the basis for determining eligibility for credit to be used  
 146 primarily for personal, family or household purposes;

147 ~~[(4)]~~ (5) "Credit rating agency" means any person whose business is  
 148 the assembling and evaluating of information as to the credit standing  
 149 and credit worthiness of a consumer, for the purposes of furnishing  
 150 credit reports, for monetary fees and dues to third parties;

151 (6) "Documentation of coerced debt" has the same meaning as  
 152 provided in section 36a-800, as amended by this act; and

153 (7) "Qualified third-party professional" has the same meaning as  
 154 provided in section 36a-800, as amended by this act.

155 Sec. 4. (NEW) (*Effective October 1, 2023*) Except as otherwise  
 156 provided by federal law, if an individual provides documentation of  
 157 coerced debt to a credit rating agency, such credit rating agency shall  
 158 reinvestigate the debt identified as coerced debt in the documentation  
 159 of coerced debt. If, after such reinvestigation, such credit rating agency  
 160 determines that the debt identified as coerced debt in the  
 161 documentation of coerced debt is coerced debt, such credit rating  
 162 agency shall remove any reference to the coerced debt from the  
 163 individual's credit report.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2023</i>	36a-800
Sec. 2	<i>October 1, 2023</i>	New section
Sec. 3	<i>October 1, 2023</i>	36a-695
Sec. 4	<i>October 1, 2023</i>	New section

**Statement of Legislative Commissioners:**

In Section 1(17), "licensed in" was changed to "admitted to the bar of" for clarity; and in Section 3, "this section," was added after "As used in", "36a-695" was bracketed and after the closing bracket "36a-696"

was added and "as amended by this act," was deleted for consistency with standard drafting conventions.

**BA**      *Joint Favorable Subst.*