

Senate, March 30, 1998. The Committee on Judiciary reported through SEN. WILLIAMS, 29th DIST., Chairman of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING BAD CHECKS.

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

1 Section 52-565a of the general statutes, as
2 amended by section 2 of public act 97-207, is
3 repealed and the following is substituted in lieu
4 thereof:

5 (a) A drawer negotiating a check who knows or
6 should know that payment of such check will be
7 refused by the drawee bank either because the
8 drawer has no account with such bank or because
9 the drawer has insufficient funds on deposit with
10 such bank shall be liable to the payee for
11 damages, in addition to the face amount of the
12 check, provided the payee has presented such check
13 for payment, the check is dishonored and the
14 drawer fails to pay the face amount of such check
15 within thirty days following the date of mailing
16 by the payee of the [second] written demand for
17 payment as provided in subsection (f) of this
18 section.

19 (b) In the case of a drawer negotiating a
20 check who knows or should know that payment of
21 such check will be refused by the drawee bank
22 because the drawer has no account with such bank,
23 such damages shall be in an amount to be
24 determined by the court in light of the

25 circumstances, but in no event shall such amount
26 be greater than the face amount of the check or
27 seven hundred fifty dollars, whichever is less.

28 (c) In the case of a drawer negotiating a
29 check who knows or should know that payment of
30 such check will be refused by the drawee bank
31 because the drawer has insufficient funds on
32 deposit with such bank, such damages shall be in
33 an amount to be determined by the court in light
34 of the circumstances, but in no event shall such
35 amount be greater than the face amount of the
36 check or four hundred dollars, whichever is less.

37 (d) The drawer shall not be liable to the
38 payee for the damages provided for by this section
39 if: (1) The drawer gave such check as payment for
40 residential service supplied by a gas, electric,
41 steam, telephone or water utility; (2) the drawer
42 gave such check as payment for the rental of
43 residential premises; or (3) the drawer gave such
44 check as repayment of all, or a portion of, a debt
45 secured by collateral which the payee has
46 repossessed.

47 (e) The damages provided for in this section
48 shall be available only to those persons or
49 entities which post or otherwise give conspicuous
50 notice to the public of the damages which may be
51 imposed pursuant to this section. Such notice
52 shall set forth: (1) The damages that may be
53 imposed if a check is dishonored; (2) the section
54 of the general statutes authorizing imposition of
55 such damages; and (3) that criminal penalties also
56 may apply.

57 (f) The [first] written demand for payment on
58 the dishonored check shall be in the form
59 prescribed by subsection (g) of this section and
60 shall be sent to the drawer's last-known residence
61 address or last-known place of business by first
62 class mail and by certified mail return receipt
63 requested with delivery restricted to the drawer,
64 on or after the date the payee received notice
65 that such check had been dishonored. [The second
66 written demand for payment on the dishonored check
67 shall be in the form prescribed by subsection (g)
68 of this section and shall be sent to the drawer at
69 the drawer's last-known residence address or
70 last-known place of business by first class mail
71 on or after the fifteenth day following the date

72 the first written demand for payment was received
73 by the drawer.]

74 (g) The written [demands] DEMAND for payment
75 required by subsection (f) of this section shall
76 be printed in at least ten-point type in both
77 English and Spanish and shall include the
78 following: (1) The name and last-known address of
79 the drawer; (2) the amount and date of the
80 dishonored check; (3) the bank upon which the
81 check was drawn; (4) the name of the payee; (5)
82 the reason the check was dishonored; (6) the
83 address to which payment should be delivered; AND
84 (7) an explanation of the damages which may be
85 imposed pursuant to this section in the event the
86 drawer fails to pay the face amount of the
87 dishonored check. [; and (8) whether the notice
88 constitutes the first or second demand for
89 payment.]

90 (h) The penalties provided for in this
91 section shall not apply to any check for which
92 payment has been stopped by the drawer or to any
93 check where the drawer has raised a reasonable
94 defense with respect to the validity of the
95 underlying debt.

96 (i) Notwithstanding the provisions of this
97 section, in the case of a drawer who negotiates a
98 check which is dishonored, the payee or its
99 assignee may impose on the drawer a service charge
100 of up to twenty dollars, provided, no such service
101 charge may be imposed if (1) the drawer has
102 stopped payment on the check, (2) the check was
103 stolen, or (3) the drawer has raised a reasonable
104 defense with respect to the validity of the
105 underlying debt. The drawer shall not be liable
106 under this subsection for more than one such
107 service charge for each dishonored check.

108 JUD COMMITTEE VOTE: YEA 30 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SB 214

STATE IMPACT	None
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Various Agencies

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OLR BILL ANALYSIS

SB 214

AN ACT CONCERNING BAD CHECKS

SUMMARY: This bill reduces from two to one the written demands for payment bad check recipients must send to the signers of such checks before bringing an action for damages. By law, most bad check recipients who give notice can bring an action for damages if the check is not honored within 30 days after the final demand for payment is mailed. Utility companies, rental property owners, and repossessed property owners cannot collect damages. The damage amount depends on the reason the check was dishonored, but in no event may exceed \$750.

EFFECTIVE DATE: October 1, 1998

COMMITTEE ACTION

Judiciary Committee

Joint Favorable Report
Yea 30 Nay 0