

**SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION**

**S.F. No. 3681**

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DATE  
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Introduction and first reading  
Referred to Commerce and Consumer Protection

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to consumer protection; prohibiting certain purchases of medical debt;  
1.3 amending Minnesota Statutes 2022, section 332.37.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. Minnesota Statutes 2022, section 332.37, is amended to read:

1.6 **332.37 PROHIBITED PRACTICES.**

1.7 (a) No collection agency, debt buyer, or collector shall:

1.8 (1) in collection letters or publications, or in any communication, oral or written threaten  
1.9 wage garnishment or legal suit by a particular lawyer, unless it has actually retained the  
1.10 lawyer;

1.11 (2) use or employ sheriffs or any other officer authorized to serve legal papers in  
1.12 connection with the collection of a claim, except when performing their legally authorized  
1.13 duties;

1.14 (3) use or threaten to use methods of collection which violate Minnesota law;

1.15 (4) furnish legal advice or otherwise engage in the practice of law or represent that it is  
1.16 competent to do so;

1.17 (5) communicate with debtors in a misleading or deceptive manner by using the stationery  
1.18 of a lawyer, forms or instruments which only lawyers are authorized to prepare, or  
1.19 instruments which simulate the form and appearance of judicial process;

1.20 (6) exercise authority on behalf of a client to employ the services of lawyers unless the  
1.21 client has specifically authorized the agency in writing to do so and the agency's course of

2.1 conduct is at all times consistent with a true relationship of attorney and client between the  
2.2 lawyer and the client;

2.3 (7) publish or cause to be published any list of debtors except for credit reporting  
2.4 purposes, use shame cards or shame automobiles, advertise or threaten to advertise for sale  
2.5 any claim as a means of forcing payment thereof, or use similar devices or methods of  
2.6 intimidation;

2.7 (8) refuse to return any claim or claims and all valuable papers deposited with a claim  
2.8 or claims upon written request of the client, claimant or forwarder after tender of the amounts  
2.9 due and owing to a collection agency within 30 days after the request; refuse or intentionally  
2.10 fail to account to its clients for all money collected within 30 days from the last day of the  
2.11 month in which the same is collected; or, refuse or fail to furnish at intervals of not less  
2.12 than 90 days upon written request of the claimant or forwarder, a written report upon claims  
2.13 received from the claimant or forwarder;

2.14 (9) operate under a name or in a manner which implies that the collection agency or debt  
2.15 buyer is a branch of or associated with any department of federal, state, county or local  
2.16 government or an agency thereof;

2.17 (10) commingle money collected for a customer with the collection agency's operating  
2.18 funds or use any part of a customer's money in the conduct of the collection agency's  
2.19 business;

2.20 (11) transact business or hold itself out as a debt settlement company, debt management  
2.21 company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates or  
2.22 pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or  
2.23 liquidation is done pursuant to court order or under the supervision of a creditor's committee;

2.24 (12) violate any of the provisions of the Fair Debt Collection Practices Act of 1977,  
2.25 Public Law 95-109, while attempting to collect on any account, bill or other indebtedness;

2.26 (13) communicate with a debtor by use of a recorded message utilizing an automatic  
2.27 dialing announcing device after the debtor expressly informs the agency or collector to  
2.28 cease communication utilizing an automatic dialing announcing device;

2.29 (14) in collection letters or publications, or in any communication, oral or written, imply  
2.30 or suggest that health care services will be withheld in an emergency situation;

2.31 (15) when a debtor has a listed telephone number, enlist the aid of a neighbor or third  
2.32 party to request that the debtor contact the licensee or collector, except a person who resides  
2.33 with the debtor or a third party with whom the debtor has authorized the licensee or collector

3.1 to place the request. This clause does not apply to a call back message left at the debtor's  
3.2 place of employment which is limited to the licensee's or collector's telephone number and  
3.3 name;

3.4 (16) when attempting to collect a debt, fail to provide the debtor with the full name of  
3.5 the collection agency or debt buyer as it appears on its license or as listed on any "doing  
3.6 business as" or "d/b/a" registered with the Department of Commerce;

3.7 (17) collect any money from a debtor that is not reported to a client;

3.8 (18) fail to return any amount of overpayment from a debtor to the debtor or to the state  
3.9 of Minnesota pursuant to the requirements of chapter 345;

3.10 (19) accept currency or coin as payment for a debt without issuing an original receipt  
3.11 to the debtor and maintaining a duplicate receipt in the debtor's payment records;

3.12 (20) attempt to collect any amount, including any interest, fee, charge, or expense  
3.13 incidental to the charge-off obligation, from a debtor unless the amount is expressly  
3.14 authorized by the agreement creating the debt or is otherwise permitted by law;

3.15 (21) charge a fee to a client that is not authorized by agreement with the client;

3.16 (22) falsify any collection agency documents with the intent to deceive a debtor, creditor,  
3.17 or governmental agency;

3.18 (23) when initially contacting a Minnesota debtor by mail, fail to include a disclosure  
3.19 on the contact notice, in a type size or font which is equal to or larger than the largest other  
3.20 type of type size or font used in the text of the notice. The disclosure must state: "This  
3.21 collection agency is licensed by the Minnesota Department of Commerce" or "This debt  
3.22 buyer is licensed by the Minnesota Department of Commerce" as applicable; ~~or~~

3.23 (24) commence legal action to collect a debt outside the limitations period set forth in  
3.24 section 541.053; or

3.25 (25) purchase medical debt owed to: (i) a medical provider; (ii) a medical facility,  
3.26 including but not limited to a hospital; or (iii) an affiliate of any such provider or facility.

3.27 (b) Paragraph (a), clauses (6), (8), (10), (17), and (21), do not apply to debt buyers except  
3.28 to the extent the debt buyer engages in third-party debt collection for others.