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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
DECEPTIVE TRADE PRACTICES

Introduced By: Representatives Shallcross Smith, Morales, Kislak, Fogarty, Hull, Noret,
Cardillo, Diaz, Casimiro, and Felix

Date Introduced: January 10, 2024

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 6-13.1-20 of the General Laws in Chapter 6-13.1 entitled "Deceptive
2 Trade Practices" is hereby amended to read as follows:

3 **6-13.1-20. Credit reports — Definitions.**

4 As used in this chapter:

5 (1) "Credit bureau" means any entity or person who or that, for monetary fees, dues, or on
6 a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or
7 evaluating consumer credit information or other information on consumers for the purpose of
8 furnishing credit reports to third parties;

9 (2)(i) "Credit report" means any written, oral, or other communication of any information
10 by a credit bureau bearing on a consumer's credit worthiness, credit standing, or credit capacity,
11 that is used or expected to be used or collected in whole or in part for the purpose of serving as a
12 factor in establishing the consumer's eligibility for:

13 (A) Credit or insurance to be used primarily for personal, family, or household purposes;

14 (B) Employment purposes; or

15 (C) Other purposes authorized under the federal Fair Credit Reporting Act, 15 U.S.C. §
16 1681 et seq.

17 (ii) "Credit report" does not include:

18 (A) Any report containing information solely as to transactions or experiences between the

1 consumer and the person making the report;

2 (B) Any authorization or approval of a specific extension of credit directly or indirectly by
3 the issuer of a credit card or similar device;

4 (C) Any report in which a person who has been requested by a third party to make a specific
5 extension of credit directly or indirectly to a consumer conveys his or her decision with respect to
6 that request if the third party advises the consumer of the name and address of the person to whom
7 the request was made and the person makes the disclosures to the consumer required under the
8 federal Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq.; or

9 (D) Any report containing information solely on a consumer's character, general
10 reputation, personal characteristics, or mode of living that is obtained through personal interviews
11 with neighbors, friends, or associates of the consumer reported on, or with others with whom he or
12 she is acquainted or who may have knowledge concerning those items of information, only if the
13 report is not used in granting, extending, or decreasing credit.

14 (E) Any report containing information solely as to transactions or experiences between the
15 consumer and a health care provider for medical debt.

16 (3) "Medical debt" means an obligation of a consumer to pay an amount for the receipt of
17 health care services, products, or devices.

18 SECTION 2. Section 6-26-2 of the General Laws in Chapter 6-26 entitled "Interest and
19 Usury" is hereby amended to read as follows:

20 **6-26-2. Maximum rate of interest.**

21 (a) Subject to the provisions of title 19, no person, partnership, association, or corporation
22 loaning money to or negotiating the loan of money for another, except duly licensed pawnbrokers,
23 shall, directly or indirectly, reserve, charge, or take interest on a loan, whether before or after
24 maturity, at a rate that shall exceed the greater of twenty-one percent (21%) per annum or the
25 alternate rate specified in subsection (b) of this section of the unpaid principal balance of the net
26 proceeds of the loan not compounded, nor taken in advance, nor added on to the amount of the
27 loan.

28 (b) The alternate rate means the rate per annum that is equal to nine percentage points (9%)
29 plus an index that is the domestic prime rate as published in the Money Rates section of The Wall
30 Street Journal on the last business day of each month preceding the later of the date of the debtor's
31 agreement or the date on which the interest rate is redetermined in accordance with the terms of the
32 debtor's agreement. If the Wall Street Journal ceases publication of the prime rate, the director of
33 business regulation shall designate a substantially equivalent index. In the event an index is
34 published as a range of rates, then the lowest rate shall be the index.

1 (c)(1) For purposes of this section, interest shall not be construed to include:

2 (i) Charges pursuant to chapter 30 of title 27;

3 (ii) Premiums for insurance in an amount not exceeding the reasonable value of property
4 offered as security for a loan against any substantial risk of loss, liability, damage, or destruction
5 in conformity with the insurance laws of this state;

6 (iii) Premiums for insurance providing loss of income or involuntary unemployment
7 coverage if the coverage is not a factor in the approval by the lender of the extension of credit and
8 the debtor gives specific written indication that the cost of this coverage has been conspicuously
9 disclosed to the debtor; that the debtor realizes that the coverage is not a condition for the extension
10 of credit; and that the debtor voluntarily desires the coverage;

11 (iv) Commercial loan commitment or availability fees to assure the availability of a
12 specified amount of credit for a specified period of time or, at the borrower's option, compensating
13 balances in lieu of the fees;

14 (v) Reasonable attorney's fees customarily charged for the preparation of loan, security, or
15 mortgage documents and for the collection of defaulted loans;

16 (vi) Fees for title examination or title insurance;

17 (vii) Other customary and reasonable costs incident to the closing, supervision, and
18 collection of loans in this state; and

19 (viii) Consideration received for the redemption, sale, transfer, or other disposition of
20 equity securities by a small business investment company licensed under the provisions of the
21 "Small Business Investment Act of 1958", 15 U.S.C. § 631 et seq., as amended, or an entity that
22 would qualify for regulation as a business development company under the provisions of the
23 "Investment Company Act of 1940", 15 U.S.C. § 80a-1 et seq., as amended, whether or not the
24 equity securities were acquired by a small business investment company or business development
25 company in connection with or as an incident to the extension of credit.

26 (2) Any of the preceding charges, if paid or advanced by the lender, may be considered
27 part of the net proceeds of the loan, and if paid by the debtor, shall not be deducted from the net
28 proceeds of the loan.

29 (d) Notwithstanding anything to the contrary in this chapter or in any other provision of
30 Rhode Island law, the provisions of this chapter shall not be applicable with respect to credit card
31 transactions as defined in chapter 26.1 of this title. Chapter 26.1 shall apply exclusively to all such
32 transactions.

33 (e) Notwithstanding the provisions of subsection (a) of this section and/or any other
34 provision in this chapter to the contrary, there is no limitation on the rate of interest that may be

1 legally charged for the loan to, or use of money by, a commercial entity, where the amount of
2 money loaned exceeds the sum of one million dollars (\$1,000,000) and where repayment of the
3 loan is not secured by a mortgage against the principal residence of any borrower; provided, that
4 the commercial entity has first obtained a pro forma methods analysis performed by a certified
5 public accountant licensed in the state of Rhode Island indicating that the loan is capable of being
6 repaid.

7 [\(f\) Notwithstanding anything to the contrary in this chapter or in any other provision of the](#)
8 [general laws, medical debt, as defined in § 6-13.1-20 shall draw interest at a rate no greater than](#)
9 [three \(3%\) per annum.](#)

10 SECTION 3. Sections 9-21-8 and 9-21-10 of the General Laws in Chapter 9-21 entitled
11 "Judgments, Orders, and Decrees" are hereby amended to read as follows:

12 **9-21-8. Interest on judgment for money.**

13 Every judgment for money shall draw interest at the rate of twelve percent (12%) per
14 annum to the time of its discharge, [except medical debt, as defined in § 6-13.1-20, shall draw](#)
15 [interest at the rate no greater than three percent \(3%\) per annum.](#)

16 **9-21-10. Interest in civil actions.**

17 (a) In any civil action in which a verdict is rendered or a decision made for pecuniary
18 damages, there shall be added by the clerk of the court to the amount of damages interest at the rate
19 of twelve percent (12%) per annum thereon from the date the cause of action accrued, which shall
20 be included in the judgment entered therein. Post-judgment interest shall be calculated at the rate
21 of twelve percent (12%) per annum and accrue on both the principal amount of the judgment and
22 the prejudgment interest entered therein. This section shall not apply until entry of judgment or to
23 any contractual obligation where interest is already provided.

24 (b) Subsection (a) shall not apply in any action filed on or after January 1, 1987, for
25 personal injury or wrongful death filed against a licensed physician, hospital, clinic, health
26 maintenance organization, professional service corporation providing health care services, dentist,
27 or dental hygienist based on professional negligence. In all such medical malpractice actions in
28 which a verdict is rendered or a decision made for pecuniary damages, there shall be added by the
29 clerk of the court to the amount of damages interest at the rate of twelve percent (12%) per annum
30 thereon from the date of written notice of the claim by the claimant or his or her representative to
31 the malpractice liability insurer, or to the medical or dental health care provider or the filing of the
32 civil action, whichever first occurs.

33 [\(c\) Subsection \(a\) of this section shall not apply in any action for medical debt, as defined](#)
34 [in § 6-13.1-20. In all such actions for medical debt in which a verdict is rendered or a decision](#)

1 [made for pecuniary damages, there shall be added by the clerk of the court to the amount of](#)
2 [damages interest at the rate no greater than three percent \(3%\) per annum.](#)

3 SECTION 4. Section 9-25-3 of the General Laws in Chapter 9-25 entitled "Execution" is
4 hereby amended to read as follows:

5 **9-25-3. ~~Limitation on issuance.~~Limitation on issuance and filing.**

6 Executions, original or alias, may be issued by any court at any time within six (6) years
7 from the rendition of the judgment originally or from the return day of the last execution [provided](#)
8 [that, no execution shall be filed against a defendant's principal residence for a judgment in any](#)
9 [action where the plaintiff's claim against the defendant was based on medical debt. "Medical debt"](#)
10 [shall have the same meaning as defined in § 6-13.1-20.](#)

11 SECTION 5. Sections 10-5-2, 10-5-7 and 10-5-8 of the General Laws in Chapter 10-5
12 entitled "Attachment" are hereby amended to read as follows:

13 **10-5-2. Procedure.**

14 (a) A court having jurisdiction over a defendant or his or her assets, including his or her
15 personal estate or real estate, may authorize a plaintiff to attach the defendant's assets, or any part
16 thereof, after hearing on a motion to attach, notice of which has been given to the defendant as
17 provided in this section. At the time of the commencement of the action, or at any time thereafter,
18 a plaintiff must file a motion in the court having jurisdiction for authority to attach the defendant's
19 assets, including his or her personal or real estate, and the attachment motion must state the day,
20 time and place of hearing and a copy must be served by the process server on the defendant or by
21 leaving it at his or her last and usual place of abode with some person there at least five (5) days
22 before the fixed date of hearing; [provided that, no attachment shall be filed against a defendant's](#)
23 [principal residence, for a judgment in any action where the plaintiff's claim against the defendant](#)
24 [was based on medical debt. "Medical debt" shall have the same meaning as defined in § 6-13.1-20.](#)

25 (b) If the defendant does not reside in the state, service of the attachment motion shall be
26 made upon him or her by mailing a copy of the motion to attach, by certified mail, to his or her last
27 known address and, if service is made in this manner, the plaintiff or his or her attorney must attach
28 the sender's receipt to an affidavit of compliance with this section by the plaintiff or his or her
29 attorney and filing it with the case in the court.

30 (c) If the plaintiff after diligent search and by affidavit avers that he or she does not know
31 of the defendant's address, service on the defendant of the motion to attach may after order of the
32 court be made by publication in some public newspaper, once, published in the town, city or county
33 where the defendant's assets are situated. If there is no public newspaper published in the town,
34 city or county where the defendant's assets are situated, then in some public newspaper published

1 in the city of Providence. Provided, however, that in all actions where the plaintiff's claim against
2 the defendant has been reduced to a judgment, the defendant's assets, including his or her personal
3 estate and real estate, may be attached and may be subject to trustee process as set out in chapter
4 17 of this title in the same action in which the judgment has been entered.

5 **10-5-7. ~~Classes of property named in writ.~~Classes of property named in writ —**

6 **Limitation on filing execution.**

7 (a) Whenever a writ of attachment can be issued by any court, it may command the
8 attachment of:

9 (1) ~~the~~ The goods and chattels of the defendant; ~~and his or her~~

10 (2) The defendant's real estate; provided that, no attachment shall be filed against a
11 defendant's principal residence, for a judgment in any action where the plaintiff's claim against the
12 defendant was based on medical debt. "Medical debt" shall have the same meaning as defined in §
13 6-13.1-20; and

14 (3) The defendant's ~~his or her~~ personal estate, in the hands or possession of any person,
15 copartnership or corporation, as ~~his or her~~ the trustee, except as provided in § 6A-7-602, and ~~his or~~
16 ~~her~~ the stock or shares in any banking association or other incorporated company, and may be
17 varied so as to command the attachment of one or more of the classes of property of the defendant.

18 (b) A violation of the prohibition provided in subsection (a)(2) of this section shall
19 constitute slander of title.

20 **10-5-8. Garnishment of wages restricted to amounts not exempt — Child support to**
21 **have priority.**

22 (a) Any writ of attachment, served as a writ of garnishment for the attachment of the
23 personal estate of the defendant in the hand and possession of any employer of the defendant, shall
24 be effective to attach so much only of such personal estate consisting of the salary or wages due
25 and payable to the defendant, or to become in the future due and payable to the defendant, as is in
26 excess of the amount of the defendant's salary or wages exempt by law from attachment except, no
27 garnishment of salary or wages shall issue against a defendant for a judgment in all actions where
28 the plaintiff's claim against the defendant was based on medical debt. "Medical debt" shall have
29 the same meaning as defined in § 6-13.1-20. ~~And the~~ The garnishee, being the defendant's
30 employer, shall be required to make affidavit and shall be held liable for the defendant's personal
31 estate consisting of the salary or wages due and payable to the defendant or to become in the future
32 due and payable to the defendant only in respect of the excess amount exempt from attachment.
33 Any writ of garnishment served under the provisions of this section shall state the judgment
34 amount, and the employer shall withhold sums not exempt by law until the amount of withholding

1 equals the amount of the judgment. The employer shall be entitled to the sum of five dollars (\$5.00),
2 payable directly from the employee to the employer, for each writ of garnishment served upon the
3 employer regarding any employee.

4 (b) Subject to any federal or state law to the contrary, any garnishment of wages for child
5 support issued pursuant to § 15-5-25, and any wage assignment pursuant to § 15-5-24, or chapter
6 16 of title 15 shall take priority over any garnishment issued in accordance with this section. This
7 priority shall occur whether or not the garnishment or assignment pursuant to § 15-5-24 or 15-5-25
8 or chapter 16 of title 15 occurs before or after any garnishment pursuant to this section. In addition,
9 consistent with federal and state law, the state court system may develop a system for the collection
10 of court imposed or assessed fines, costs, fees or other assessments, including restitution, through
11 wage assignment procedures.

12 SECTION 6. Chapter 6-13.1 of the General Laws entitled "Deceptive Trade Practices" is
13 hereby amended by adding thereto the following section:

14 **6-13.1-21.1 Credit reports — Medical debt reporting prohibited in contracts with**
15 **collection entities.**

16 (a) Any healthcare facility licensed under chapter 17 of title 23, physician licensed under
17 chapter 37 of title 5, or ambulance service licensed under chapter 4.1 of title 23:

18 (1) Shall not furnish any portion of a medical debt to a credit bureau; and

19 (2) Shall include a provision in any contract entered into with a collection entity for the
20 purchase or collection of medical debt that prohibits the reporting of any portion of the medical
21 debt to a credit bureau.

22 (b) Enforcement. Any portion of a medical debt that is furnished to a credit bureau shall be
23 void.

24 SECTION 7. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO COMMERCIAL LAW -- GENERAL REGULATORY PROVISIONS --
DECEPTIVE TRADE PRACTICES

1 This act would prohibit credit bureau reporting of a consumer's medical debt. This act
2 would further prohibit the filing of an execution and attachment against a consumer's principal
3 residence for judgments based on medical debt. This act would further define medical debt as an
4 obligation of a consumer to pay an amount for the receipt of health care services, products, or
5 devices, and would cap the amount of interest on a judgment to three percent (3%) and provide that
6 any medical debt furnished to a credit bureau shall be void.

7 This act would take effect upon passage.

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