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May 29, 2013

The Honorable Jennifer Williamson  
900 Court Street, N.E., Room 372  
Salem, Oregon 97301

RE: SB 396-5, Federal Bankruptcy Exemptions

I am certified as a consumer bankruptcy specialist by American Board of Certification with nearly 35 years experience. I hold the position of Oregon State Chair for the National Association of Consumer Bankruptcy Attorneys (NACBA), an organization of more than 5,000 lawyer members nationwide. I have the utmost respect for Oregon's bankruptcy trustees but believe the testimony provided to the House Judiciary committee on May 22, 2013 was misleading.

- **Priority tax and child support debts are not discharged in bankruptcy.** Because child support and tax debts have a higher priority over other debts, any assets seized in bankruptcy, after the trustee is paid their commission and expenses, are first used to pay child support and tax creditors. Federal exemptions will leave debtors better able to pay ongoing support obligations. A change in exemptions will not impact the amount of child support that must be paid.
- **Chapter 7 trustees have a financial stake in the outcome of this legislation.** Trustees are paid a flat fee plus 25% of amounts disbursed in a small case. With assets of \$5,000, the commission is \$1,250.00. This legislation will leave more assets in the hands of debtors without significant home equity. Trustees will make less money because individuals will retain more assets in small cases.
- **No "free" money will be handed out.** It is misleading to say that with Federal exemptions a debtor in bankruptcy gets a "free" \$25,000. This is not the case. The Oregon homestead exemption is \$17,000 more than the Federal homestead for a single debtor. Only someone with little or no home equity would use Federal exemptions and then would be limited to half that amount.

Under current law, Oregonians are barred from using a list of federal exemptions in place of state exemptions. This prohibition hurts Oregon families with important assets like a reliable vehicle or a tractor to tend their property who have little or no home equity. SB 396-5 would allow Oregon to keep pace with states like Washington that allow an individual to utilize either the state exemption list or the federal list.

Respectfully Submitted,



Kent Anderson  
Oregon Chair NACBA