



DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

MEMORANDUM

DATE: March 15, 2013

TO: Honorable Margaret Doherty, Chair
House Business and Labor Committee, Members

FROM: Ellen Klem, Director of Consumer Outreach and Education

SUBJECT: HB 2608

RECOMMENDED ACTION

This testimony is presented in support of HB 2608. We recommend that the Business and Labor Committee approve HB 2608 with a do pass recommendation.

BACKGROUND ON HB 2608

- Approximately 7% of funding for legal aid in Oregon comes from Interest on Lawyer Trusts Accounts (“IOLTA”).
- Because interest rates are at record lows, IOLTA revenues have fallen in recent years from \$3.6 million in 2007 to \$970,000 in 2012.
- The decrease in revenues has had a devastating impact on low-income and elderly Oregonians.
 - Legal aid programs have been forced to close offices in Oregon City and Lane County and reduce staff by 20%.
 - Of the more than 800,000 low-income and elderly Oregonians who qualify for legal aid services, the cuts have been particularly distressing.
 - Legal aid services are limited to serious civil legal needs: food, shelter, medical care, income maintenance, domestic violence, elder abuse and guardianship.
 - Before the recession, legal aid was able to meet approximately 20% of the civil legal needs of the poor. Since the recession, that figure has fallen to 15%.
- To address these and other unmet civil legal needs, several states, including Washington, have expanded their IOLTA programs to include pooled interest from escrow accounts.

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HOW HB 2608 WILL HELP FUND LEGAL AID

- HB 2608 adds pooled interest from escrow accounts to the IOLTA program.
- By adding pools interest from escrow accounts to ORS 696.578, the IOLTA program will increase funding to legal aid.
- This bill exempts or allows funds expected to produce positive net returns to be kept separate, distinct and apart from funds belonging to the escrow agent. The interest in these funds may be paid to the parties who have an interest in them, the escrow agent, or a nonprofit selected by the escrow agent that has an affordable housing mission.
- HB 2608 does not prohibit escrow agents from deducting reasonable administrative costs from the amounts remitted to the IOLTA program.

THERE IS NO KNOWN FISCAL IMPACT FOR THE DEPARTMENT OF JUSTICE

DOJ CONTACT

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