



Help Eliminate Legal Problems for Seniors and Disabled A Nonprofit Law Firm

March 30, 2015

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My name is Eric Olsen. I am the executive director for *HELPS* nonprofit law firm. *HELPS* is an acronym for Help Eliminate Legal Problems for Seniors and Disabled Persons. I am a native Oregonian, graduate of U of O law school. In my former practice I was responsible for filing tens of thousands of bankruptcies. Over my 37-year career, I have personally met with thousands of seniors from every corner of the state.

I am here today to call attention to an issue that touches a growing number of Oregon low-income seniors — state debt collection practices. The statistics are alarming. The Great Recession of 2008 pushed a large number of older Oregonians into retirement with depleted retirement savings and high debts. With limited prospects for work, a large number of Oregon's seniors depend on Social Security as their main source of income. On average, Oregon retirees receive approximately \$1,256 a month from Social Security. For three in ten Oregonians age 65 or older, Social Security is their only source of income. For 61 percent, Social Security makes up 50 percent or more of their income.

Under federal law, certain types of income including Social Security, Veterans Benefits, and pension benefits are exempt from garnishment, including garnishment for past due state taxes. The only exceptions are for past due child support, alimony, student loans and federal taxes owed. It is worth noting that despite the legal ability to garnish otherwise exempt income, the IRS has a clear and transparent forbearance process. A person facing collection for past due federal taxes may request a review for their account to be put on a non-collectable status due to economic hardship. HB 3172 would create a similar process for the Oregon Department of Revenue to make available to low-income seniors.

HELPS hears from thousands of low-income older Oregonians who turn to us for advice and assistance dealing with harassment by debt collectors and financial problems. The vast majority of older persons we assist have income below 200 percent of the supplemental poverty line. Before coming to *HELPS*, most of our clients did not know that their primary source of income — Social Security, retirement and Veterans benefits — cannot be garnished by debt collectors, including agents working to collect past due state taxes.

In my experience, the people who come to us for assistance make a good faith effort to pay their bills, including past due taxes. Death of a spouse, unemployment, illness and medical bills push them into poverty. They share with me the details of trying to survive with very little money. They cut back on basics like heating, medication, and food in an effort to make payments on past due state taxes even though their income is protected from garnishment. They often go without their basic needs, because they are scared and are not informed of their rights.

The Oregon Department of Revenue has an important mandate to collect taxes on behalf of the state. However, the notices and calls from the Oregon Department of Revenue can create fear and confusion, especially in older Oregonians who are particularly vulnerable. Notices with bold letters stating "Distrain Warrant" make many fearful that they will be arrested. Aggressive collection tactics like being told to sell an older vehicle to come up with the money to pay old state tax debt, leaving very low-income elderly people feeling like they have no options, despite the fact that legally they do.

In my experience, the Oregon Department of Revenue does not inform people of the fact that certain types of income cannot be garnished. HB 3172 would create a process for informing economically vulnerable older Oregonians of their legal rights and allowing qualified seniors to request their account to be placed in non-collectable status. The non-collectable status would be voluntary. This bill would not prevent the payment of old taxes. I am confident that most older Oregonians not in poverty will choose to pay old tax debt, even though their income is protected by federal law. Under HB 3172, the Oregon Department of Revenue would still be authorized to file a tax lien. The state could still pursue collection action where there are other assets. The non-collectable status would be re-evaluated every two years. It could be revoked if the Oregon Department of Revenue determined the taxpayer no longer qualified.

HB 3172 would codify a process for the state to inform the most economically vulnerable Oregonians of their legal rights and align state collection practices with federal law.

I want to end by saying thank you to Chair Barnhart and Vice-Chair Bentz for the time and attention you have given to this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Olsen", with a long horizontal stroke extending to the right.

Eric W. Olsen
Executive Director