

June 22, 2015

Chair Hass, members of the Committee. Good morning, my name is George Okulitch and I'm here today representing HELPS non profit law firm. HELPS is an acronym for Help Eliminate Legal Problems for Seniors and people with disabilities. And that is exactly why I'm here today asking you to support HB 2089. Helping our most vulnerable populations avoid potential legal battles.

Under federal law, certain types of income including Social Security, Veterans Benefits, pension benefits, etc., 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. As a result, 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 to due to economic hardship. HB 2089 creates a similar process for the Oregon Department of Revenue to make available to low-income seniors here at home.

HELPS hears from thousands of low-income older Oregonians for advice and assistance in dealing with harassment by debt collectors and financial problems. The vast majority of these older people have income below 200 percent of the supplemental poverty line. On average, Oregon retirees receive approximately \$1,256 a month from social security. For 3 out of 10 Oregonians age 65 or older, social security is their only source of income. Most of these client did not know that their primary source of income - social security, retirement, veterans benefits, cannot be garnished by debt collectors, including agents working to collect past due state taxes.

In discussions with HELPS attorney's, they see everyday people making every good faith effort to pay their bills, including past due taxes. Unfortunately, death of a spouse, unemployment, illness and medical bills and other unforeseen causes push them into poverty. They cut back on basics like heating and food in a effort to make payments on past due state taxes even though their income is protected from garnishment. On the

House side, one woman testified that she even cut her medications down in order to attempt to pay these past due taxes. She did so because she was scared and not informed of her rights.

The Oregon Department of Revenue has an important mandate to collect taxes on behalf of the state. And I understand the pressures Ways and Means puts on them to come up with additional funds especially this time of year. However, the calls and notices from the Oregon Department of Revenue can create fear and confusion, especially in older Oregonians who are vulnerable. Notices with bold letters stating "Distraint Warrant" make them fearful that they will be arrested.

HB 2089 creates a process for informing economical vulnerable Oregonians of their legal rights and allows for them to request their account to be placed in non-collectable status. Under HB 2089, 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. It also allows the state to still accept voluntary payments of taxes. Again, most seniors pay their taxes and see it as their civic responsibility to do so. However, HB 2089 creates 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 say thank you to Deanna Mack from DOR for working with me over the last couple of months. I understand that the Department is working to change some of their internal policies on debt collection and getting people on uncollectable status. HELPS looks forward to partnering with DOR this interim during rule making.

HB 2089 passed out of the House Revenue Committee 8-0. There was no opposition. The bill passed 58-0 on the floor. I ask for your support.

Thank you,

George Okulitch

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