

Family Financial Protection Act of Oregon

Common-Sense Updates to Safeguard Economic Well-Being

As the cost of living continues to rise statewide, paychecks are being stretched thinner than ever to pay for housing, childcare, food, utilities, and healthcare costs. Taking on debt to cover essential needs is now common for working families. When debts go unpaid, creditors, debt buyers, and debt collectors can sue and take debt holders to court. In court, these parties are granted access to a powerful set of tools to seize wages, belongings, and bank account balances, leaving families unable to afford necessities.

Oregonians need protections to prohibit excessive wage seizures for those with consumer debt in collections. HB 2008 provides a realistic pathway for families to recover after an unexpected financial hardship, rather than being pushed further into a cycle of debt and poverty.

Most household debt in collections results from an unanticipated financial shock — such as losing a job, illness, or divorce.

Compounding matters, debt collection proceedings are flawed, with a heavy bias against consumers. This disproportionately impacts the financial stability of families of color who already bear the burden of unjust systems. In Oregon, communities of color have more than double the rate of debt in collections compared with white communities.

Oregon lags behind other states in consumer protection.

Oregon's state consumer protection and debt statutes are outdated and fail to provide this economic protection. **The National Consumer Law Center assigned Oregon a D rating on our ability to protect family finances from debt collectors, lagging behind Colorado, Florida, and Texas, among other states.** In addition, our current laws lack adequate mechanisms to fight unfair debt collection practices and little recourse for consumers who are sued for the wrong amount or for debt they don't even owe. Over the past five years, Oregonians have filed more than 1,300 complaints with the federal Consumer Financial Protection Bureau related to unfair debt collection practices.

HB 2008 protects consumers' ability to continue to work, maintain their housing, keep food on the table, and fight unfair debt proceedings by making common-sense modernizations to Oregon's consumer protection and debt collection laws:



Protects a living wage. Oregon law only requires debt collectors to leave workers with \$254 or 75%, whichever is greater, per week in take-home pay after wage seizure—nowhere near enough to cover basic needs. HB 2008 raises this to a more reasonable amount of \$1,000 or 85% per week protected from seizure.



Protects the ability to work. HB 2008 ensures that a working car, work tools, and equipment are shielded from debt collection seizures.



Protects critical funds. HB 2008 ensures that Oregonians with disabilities, retirees, small businesses, and others cannot have specifically identified funds seized, including small business loans and pension payments.



Provides clear protection for consumers sued over unowed debt. HB 2008 fixes a loophole in the current law that limits consumers from challenging debt attributed to the wrong person or for the wrong amount.



Extends the timeframe to seek justice. Under current Oregon law, collectors have six years to pursue a debt, while consumers only have one year to pursue legal action for an unlawful collection practice. HB 2008 extends the statute of limitations to the same six-year timeframe for both groups.

HB 2008 modernizes outdated laws and enacts common-sense protections to improve racial equity and support Oregon's economic well-being.

Vote to Advance HB 2008: The Family Financial Protection Act of Oregon

Why \$1,000 per week of wages is important to protect.

Families in collections must have enough funds to pay for essentials like food, health care, and housing while managing debt collection. The \$1,000 per week threshold for minimum protected wages is set just below what HUD considers "low-income" in Oregon for a family of four. HB 2008 reduces the wage seizure burden to a more manageable \$128 per year for a family in that situation, allowing for increased garnishment for higher incomes. This approach ensures low-wage earning families aren't pushed into crisis or even homelessness due to debt collection.

Gross Hourly Wage	Gross Annual Income	Net Weekly Income	Net Annual Income	Annual Seizure—Current Law	Annual Seizure—Under HB 2008
\$15.00	\$31,200	\$495	\$25,726	\$6,053	\$0
\$34.93*	\$72,650	\$1,073	\$55,798	\$13,127	\$128
\$50.00	\$104,000	\$1,505	\$78,257	\$17,958	\$15,894

*HUD limit for a "low income" family of four in Oregon is \$74,650/year.

HB 2008 remedies the court process, which is currently heavily biased toward creditors, debt collectors, and debt buyers.

Unlike in criminal court, low-income defendants sued in civil court do not have the right to counsel. This makes it challenging for consumers, who may not have the time to go to court nor easily navigate the system without a lawyer. Thus consumers are at a disadvantage. In 2022, of the 27,133 collection cases in small claims court, consumers filed a response in less than 3% of the cases. Meanwhile, 1 in 5 cases (20%) resulted in a collector attempting to seize wages or bank account earnings.

Organizations supporting HB 2008:

