

# **OREGON TRIAL LAWYERS ASSOCIATION**

**812 SW Washington Street, #900**

**Portland, OR 97205**

**[www.oregontriallawyers.org](http://www.oregontriallawyers.org)**

**503-799-1017**

Testimony of Arthur Towers

OTLA Political Director

**In Support of HB 2008**

Before the House Committee on Rules

April 27, 2023

Chair Fahey, Vice-Chair Breese-Iverson, Vice-Chair Kropf and members of the committee, thank you for the opportunity to submit testimony in support of the -3 amendments to HB 2008.

Our members are lawyers who fight for underdogs. In this case, those underdogs are Oregonians who have been harmed by violations of the Unfair Debt Collections Practices Act.

This bill will bring fairness into the debt collection system by modernizing existing protections for people who need to repay debt. HB 2008 brings into the 21<sup>st</sup> Century the formulas to determine the resources that Oregonians can hang on to while they repay their debt. These provisions increase the likelihood the creditors are repaid and prevent families from entering a debt spiral from which it is impossible to recover.

Under current law, the protections are so tiny that when a person gets a paycheck garnished, one response is to quit the job to stay a step ahead of the debt collector. That doesn't help the creditor, the person who owes the money, or the employer.

Most Oregonians who face financial distress get in this situation because of an unexpected medical calamity or other unforeseen life crisis. The protections in the bill give breathing room to families who face the double whammy of the underlying illness or injury or death of a breadwinner and the financial trauma of debt and predatory debt collection practices.

The negotiation process has been helpful in fine tuning these amounts.

The other part of the bill gives Oregonians who face unfair and illegal debt collection practices a little bit better chance to fight back. HB 2008 and the proposed amendments make the playing field a little bit less tilted.

Specifically, the bill makes it easier for consumers to fight back when the debt collector is seeking to collect a debt **that was never owed in the first place**. (Page 31 line 30 and Page 32 lines 1-5 of the -1 amendment.)

The bill also extends the period in which a consumer can take action against a predatory debt collector engaged in illegal debt collection practices. Further the bill protects consumers from the risk of bankruptcy if they attempt to hold a lawbreaking debt collector accountable through the civil justice system. (Page 35, lines 3-11 of the -1 amendment.)

If it is the will of the legislature to improve protections for consumers, then it is important to include enforcement measures that increase the likelihood that the will of the legislature is realized.

**The issue of predatory debt collection is an issue of racial justice as well as economic justice.**

The Coalition of Communities of Color issued a 2022 [Report](#) documenting Oregon's extreme racial wealth gap. In Oregon, consumers of color experience [double the rate of debt in collections](#) (35%) than white consumers (16%). Nationally, creditors call borrowers of color nearly twice as frequently as they call white borrowers, despite similar rates of default and overdue payments.

We urge the passage of HB 2008.