

**Testimony Submitted by
Chris Coughlin, Policy Director
Oregon Consumer Justice
To the House Committee on Business and Labor**

April 27, 2023

Regarding: Support for HB 2008 with proposed amendments

Dear Chair Fahey, Vice-Chairs Breese-Iverson and Kropf, and Members of the Committee:

For the record, my name is Chris Coughlin. I am the Policy Director for Oregon Consumer Justice. I appreciate the opportunity to testify on behalf of Oregon Consumer Justice today in support of HB 2008 with the -1 and forthcoming amendment you have heard about today. There is a chart uploaded on OLIS showing the evolution of this bill. It further reflects the hard work of all the stakeholders to find consensus and to provide clarity where there are policy differences.

Oregon Consumer Justice urges your support of House Bill 2008, the Family Financial Protection Act of Oregon. By modernizing and expanding Oregon laws, the Act provides a realistic pathway for families to recover following unexpected financial hardship while meeting their debt obligations rather than being pushed further into debt and poverty.

Oregon Consumer Justice (OCJ) organizes, advocates, and supports litigation to advance a justice movement that puts people first, ensuring all have the freedom to thrive and equitably share in our abundance of resources. For too long, flawed systems and economic policies that favor profits over people have stood in the way of this reality, with communities of color most often experiencing the most significant harm. Strengthened through responsive and reciprocal community

relationships, OCJ is building a future where financial and business transactions can be relied upon as safe and where all Oregonians know and have recourse to exercise their consumer rights.

Today I want to talk with you about the importance of updating Oregon's Unlawful Debt Collection Practices statute to provide Oregonians with recourse when a debt collector tries to collect or sue a consumer for incorrect or fraudulent debts.

The abusive activity of one of the largest debt collectors in the nation presents a shocking example of how the current Oregon law does not provide adequate protections:

- The Consumer Financial Protection Bureau (CFPB) took action recently against Portfolio Recovery Associates (PRA) for multiple violations: collecting on unsubstantiated debt, collecting on debt without providing required documentation and disclosures to consumers, suing or threatening legal action against consumers without offering or possessing required documentation, and suing to collect debt outside the statute of limitations.
- PRA is one of the largest debt buyers in the country, headquartered in Virginia. They buy defaulted debts for pennies on the dollar and then sue consumers across the country to collect the full amount. They reported \$183 million in profits in 2021.
- Oregon Judicial Department records show that Portfolio Recovery Associates is a frequent filer against Oregon consumers. From January 1, 2023 through March 24, 2023, Portfolio Recovery Associates has already filed, through one non-resident, Oregon-licensed attorney, at least **939** debt collection lawsuits against Oregon consumers in our state courts.
- Under current Oregon law, consumers are not adequately protected against unlawful actions such as those used by Portfolio Recovery Associates. And if unlawful actions were to result in a judgment against a consumer, garnishments on that consumer could lead to immense financial chaos considering the current state of our laws.
- While we appreciate CFPB's enforcement, it does not provide adequate remedy or relief for injured Oregonians. We need to be able to protect ourselves, and to do so, we need an effective state debt collection law.

And while the negative impacts of debt are common, they are felt more acutely experienced among communities of color. Because of long-standing systemic racism, communities of color are more financially vulnerable than white communities and, consequently, less likely to be able to weather a financial emergency. The protections offered to Oregonians in this bill are long overdue and particularly needed to tackle the racial injustice experienced by communities of color.

As Oregonians statewide contend with rising inflation and increasing costs of living, their budgets are stretched thin. This is forcing families to take on debt to cover essentials, including medical care, housing, and food costs. When financial hardship hits, Oregon's laws are too outdated and flawed to protect people.

Key provisions of HB 2008 will strengthen protections for Oregon consumers:

- The minimum amount protected from wage garnishment will be increased to reflect the Portland metro minimum wage. This is currently \$590 per week, and would be adjusted accordingly as the minimum wage adjusts. This will allow Oregonians to make reasonable payments on their debts while maintaining minimum wage amounts to meet basic needs and protect against housing loss.
- Housing stability and homeownership will be protected by updating the primary residence exemption from \$40,000 or \$50,000 (depending on the type of ownership) to a simple two-tiered process:
 - For people under the age of 65, protect 33% of the real market value as determined by the County Tax Assessor with an upper cap of \$250,000; or
 - For seniors 65 and over, protect 100% of the real market value, with an upper cap of \$800,000.
- The ability to get to work will be protected by ensuring that a car with a value of up to \$10,000 is shielded from seizure.
- A loophole will be fixed that currently prevents consumers from challenging debt falsely attributed to them or debt in the wrong amount.
- Bank accounts will be protected from being completely zeroed out by a garnishment. HB 2008 will protect up to \$2,500 in a bank account to preserve the ability to pay rent and keep the lights on while a debt is being paid.

- This bill will increase the window of time to pursue legal action for an unlawful collection practice so that consumers have a fair chance to address violations and are penalized by arbitrary timelines.
- Further, HB 2008 will remove barriers to justice by ending consumer liability for pushing back against unlawful debt collections. The current law puts consumers at extreme financial risk for trying to end unlawful debt collection practices. This bill will update our language to be consistent with other consumer protection statutes that ensure consumers can bring good faith cases without significant risk to their financial well-being.

Through common-sense modernizations to Oregon's consumer protection and debt collection laws, HB 2008, The Family Financial Protection Act of Oregon, will provide much-needed safeguards for the economic well-being of Oregon consumers by protecting their ability to maintain housing, keep food on the table, and fight unfair debt proceedings. As you have heard from others this afternoon, usually an unexpected event—a serious illness, a rent increase, a cut back in hours—is the reason consumers get behind on payments and too often fall further and further into debt. HB 2008 can help stop this cycle.

We urge your support of HB 2008. Thank you for the opportunity to submit testimony and your service to Oregon communities.