



OregonConsumerLeague

February 6, 2024

Chair Taylor  
Vice-Chair Bonham  
Senate Committee on Labor and Business  
900 Court St NE, H-283  
Salem, OR 97301

**Re: Support for Senate Bill 1595**

Dear Chair Taylor, Vice Chair Bonham, and Members of the Committee:

The Oregon Consumer League urges your support of Senate Bill 1595, the Family Financial Protection Act of Oregon. The Oregon Consumer League has worked to promote fair and ethical business practices, advance consumer protection laws, and protect consumer rights since 1966. Improving Oregon's consumer protection and debt collection statutes through the modernization and expansion of existing laws, SB 1595 offers a practical route for families to recover from unforeseen financial challenges, avoiding the risk of being pushed deeper into a cycle of debt and poverty.

Oregon's state consumer protection and debt statutes are outdated and flawed, failing to provide the necessary economic protection families need to cover the essentials and have recourse to fight unfair debt proceedings. As the cost of living has continued to rise in our state, more and more families have been forced to take on debt to cover the cost of essentials, like medical care, housing, and food. Oregon law only requires debt collectors to leave workers with \$254 per week in take-home pay after wage seizure—nowhere near enough to cover basic needs. As inflation rises and costs go up, resources don't stretch as far. Oregonians need more basic minimum amounts protected so they can take care of debts while also meeting the basic needs for themselves and their families.

Some communities also experience financial hardship more than others. Here in Oregon, a recent survey found that 52% of BIPOC Oregonians would have difficulty paying for an emergency expense of \$400 compared with only 30% of white Oregonians. These pressures, along with rising costs, require the attention of lawmakers to ensure that those in poverty have protections against being pushed into a cycle of debt that they cannot recover from.

Key provisions of SB 1595 will improve economic protections for Oregon consumers:

- By 2027, the amount exempted from wage garnishment will **increase to the value of Oregon's standard minimum wage per week** and be adjusted annually to keep up with inflation.
- Prevent debt collectors from wiping out someone's entire bank account. Instead, **protecting the first \$2,500** ensures that Oregonians can meet their basic needs while paying off debt.
- **Increases the value of a home that a debtor can protect from seizure** to \$150,000 for an individual and \$300,000 for a couple.

SB 1595 fixes a loophole and provides clear protection for consumers sued over an unowed debt. Current law stops consumers from challenging debt attributed to the wrong person or for the wrong amount. SB 1595 also increases the minimum penalty for committing an unfair debt collection practice from \$200 to \$1,000. The current penalty amount of \$200 has not been updated in decades and does not deter bad actors.

SB 1595 includes important updates to the law that will protect consumers facing legal actions or collection activities:

- Make it a violation of the law to attempt to collect a debt when a collector knew or should have known that the debt did not exist or was for the wrong amount. **The law should protect Oregonians from going through a court process for debts they do not owe.**
- **Extend the time consumers have to file a complaint to three years after the date of injury.**
- Courts should award attorney fees and costs at trial and on appeal when a consumer prevails but **not make them pay for a creditor's attorney** unless they bring a frivolous claim. This is how federal debt collection cases already work.

SB 1595 includes sensible updates to Oregon's consumer protection and debt collection statutes. It is critically important that Oregon statutes are updated to ensure consumers have the capacity to sustain housing, afford necessities like food, and fight unjust debt proceedings.

We urge your support of SB 1595. Thank you for the opportunity to submit testimony and your service to Oregon communities.

Sincerely,

Michelle Druce  
Executive Director  
Oregon Consumer League