

HOUSE COMMERCE AND CONSUMER PROTECTION COMMITTEE

January 14, 2026

Chairman Sosa, Vice-Chair Chaichi, Vice-Chair Osborne and members of the House Commerce and Consumer Protection Committee:

Thank you for the opportunity to testify this afternoon to discuss Representative Breese-Iverson's legislation that would update Oregon's existing debt resolution regime into a pro-consumer licensing framework. This framework would ensure that consumers experiencing financial distress have an additional option to get out of debt and on the path to financial stability.

My name is Jason Mulvihill, and I am the President and CEO of the Association for Consumer Debt Relief, the trade association that represents America's leading debt resolution companies. Nationwide, ACDR member companies resolve more than \$6 billion in unsecured debt annually, saving consumers nearly \$2 billion each year.¹

ACDR member companies work with consumers who have experienced a financial hardship to achieve reductions in the amount that they owe to their unsecured creditors.

Debt resolution is a federally regulated service that operates under strict rules promulgated by the Obama-era Federal Trade Commission. Debt resolution can be thought of as a private sector alternative to bankruptcy. Bankruptcy's long-term financial consequences are significant and can substantially limit the future economic opportunities of the filer for up to a decade. For those that still have income and a middle-tier credit score, debt resolution can be the best path out of debt and toward financial independence.

As you are aware, across the country and across Oregon, many consumers find themselves in hard economic times. Persistent inflation has pushed many families to finance their budget shortfalls with high-interest credit cards. The average Oregonian has \$5,500 in credit card debt alone, and one-in-four credit card accounts in the state were delinquent by late 2024.

It is not just credit card debt that Oregonians are struggling with. According to the most recent Department of Consumer and Business Services ("DCBS") data, by the end of 2024 Oregonians owed nearly \$400 million to non-credit card lenders, including high-interest installment lenders.² That works out to more than \$11,000 of non-credit card debt per adult across the state.

¹<https://static1.squarespace.com/static/67c80bb145c6ed5737d59c7b/t/67fd2b84aaff6e0656a14bb8/1744644999745/Economic-Impact-Report-2023.pdf>

²<https://dfr.oregon.gov/business/reg/reports-data/finance/Documents/consumer-finance/2024-cf-annual-rpt.pdf>

Here is the reality for many consumers who turn to debt resolution. They are typically delinquent on at least one – and frequently many – of their debts, owing an average of \$30,000 spread across seven or more credit card accounts.

Representative Breese-Iverson’s legislation would enable Oregon consumers in financial hardship to access debt resolution services to address their unmanageable unsecured debts. The legislation contains many key provisions to protect consumers throughout the process while adding the debt resolution provider as an advocate in the consumer’s corner thanks to smart regulations and aligned incentives.

Foremost, the bill would create a new licensing regime for debt resolution providers, built upon the existing registration framework, under the DCBS. This framework would guarantee and impose significant consumer protections for Oregonians availing themselves of debt resolution services that are consistent with the Obama-era FTC regulations.

First, under the FTC rules, debt resolution companies are barred from assessing consumers any fees or accepting any compensation of any sort until: 1) a settlement on an account has been reached; 2) the consumer has accepted the settlement; and 3) the consumer has ratified his/her acceptance by making a payment to the creditor towards the settlement.

This test must be met for each individual debt enrolled in a debt resolution program before any fee may be collected for that particular account. For this reason, the interests of a debt resolution company and consumers are aligned. Our member companies are paid only when an individual accepts an offer. Consumers know the cost of the service prior to the start of the work and pay it only once they have agreed to a resolution of an individual debt.

Second, the federal rules also allow consumers to withdraw from a debt resolution program at any time, for any reason, without penalty. The FTC rules also require that any funds deposited by a consumer in a debt resolution program be kept in a dedicated FDIC-insured account that the consumer controls at all times. Debt resolution service providers *never* control consumer funds. Adding these requirements to state statute will ensure that these protections continue to exist for Oregon consumers.

An independent study published since the promulgation of the FTC rules has found that on average debt resolution saves consumers 32 percent of their total enrolled debt levels – **net of fees**³. Rather than simply extending the length of a loan or changing the interest rates, this service reduces principal.

Importantly, under the FTC rules, consumers have significant control throughout the process. They have the right to reject any proposed settlement at any time, for any reason, and at no cost to them.

To be clear, debt resolution is not the most appropriate option for every individual or family that is in debt. Bankruptcy may be most appropriate for families who are in acute financial hardship and non-profit credit

³https://acdr.org/s/Dobbie_Report-1262021-1.pdf (Table 1)

counseling may be appropriate for others, who may be able to navigate their financial challenges with a less intensive program.

As the consumer debt crisis continues to worsen across the country and in Oregon, we hope the committee will favorably consider this legislation, which balances important consumer protections with the ability for consumers in financial hardship to access debt resolution services. I would be very happy to answer any questions you may have.