



Date: March 4th, 2023
To: House Committee on Business and Labor
From: Jennifer Parrish Taylor, Director of Advocacy and Public Policy for the Urban League of Portland
Re: Support for The Family Financial Protection Act of Oregon, HB 2008

Chair Holvey, Vice-Chairs Elmer and Sosa, and Members of the Committee,

Thank you for the opportunity to provide testimony in support of House Bill 2008. My name is Jennifer Parrish Taylor, and I am submitting this testimony on behalf of the Urban League of Portland. The Urban League of Portland is one of Oregon's oldest civil rights and social service organizations, empowering African Americans and others to achieve equality in education, employment, health, economic security, and quality of life across Oregon and SW Washington.

Oregonians are contending with rising inflation and the increasing costs of living. These pressures are stretching budgets thin and forcing families to take on debt to cover essentials, including medical care, housing, and food costs. "Oregonians also have substantially more household debt and per capita student debt, face an increasingly unaffordable housing market, and almost three in 10 Oregonians say they likely could not come up with \$2,000 if faced with an emergency."¹ But access to capital to reduce or consolidate that debt has historically been tied to and impacted by "demographic characteristics such as age, length of residency in the United States, and race and ethnicity."² According to the U.S. News, "rates of subprime credit scores in majority-Black, Hispanic and Native American communities are at least 1.5 times higher than in majority-white communities, according to a 2022 report from the Urban Institute, a nonprofit think tank. FICO defines subprime as poor or fair credit scores that fall below 670. A low credit score or no credit history can make borrowing difficult and expensive. If you can't access good credit products, you may struggle to build wealth."³

Within our current financial system, credit history is a proxy for race. Because of generations of predatory lending, economic discrimination, and racism, communities of color are more likely to have lower credit scores, credit errors, or no credit history. Credit is only part of the story. Credit scores reflect on-time credit card and loan payments, but NOT all on-time payments people make. Not only are Black communities tagged with low credit scores but Black Americans "are more targeted by debt collectors with few options to relieve the matter"⁴ and that "borrowers of color were called nearly twice as often as white borrowers despite similar rates of default and late payments. Debt collectors estimate contacting consumers more than a billion times a year."⁵ Additionally when Black Americans do want to resolve their debts, they "also have trouble filing for bankruptcy to settle debts. According to a National bankruptcy study, debtors in majority Black areas were twice as likely to have their bankruptcy case dismissed as debtors

¹ https://www.oregon.gov/treasury/financial-empowerment/Documents/Annual-reports/230201-FINAL-Oregon-Financial-Wellness-Scorecard.pdf?utm_medium=email&utm_source=govdelivery.

² https://www.aspeninstitute.org/wp-content/uploads/2018/03/ASPEN_ConsumerDebt_06B.pdf, Pg. 10.

³ <https://money.usnews.com/credit-cards/articles/how-race-affects-your-credit-score>

⁴ <https://tpinsights.com/debt-collectors-just-got-further-jurisdiction-for-contacting-debtors-which-may-have-greater-impact-on-black-americans-but-there-are-ways-to-combat-the-new-mandates/>.

⁵ <https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=totcoll&state=41>.



living in majority-white areas. The majority of Black Americans who file bankruptcy file under Chapter 13 instead of Chapter 7 at much higher rates.”⁶

When financial hardship hits, Oregon’s laws are too outdated and flawed to protect people. By modernizing and expanding Oregon laws, the Act provides a realistic pathway for families to recover following unexpected financial hardship, rather than being pushed further into debt and poverty. Key provisions of HB 2008 will:

- Protect a living wage from wage seizure by raising the minimum protected wage amount to \$1,000 per week – just below the earnings threshold of what HUD considers a “low-income” family in Oregon.
- Protect access to housing by updating the housing exemption from \$40,000 to the median home value, and by leaving a minimum of \$12,000 in bank accounts so that people can continue to pay their rent. This ensures that our debt collection laws do not undermine our efforts to ensure Oregonians are housed.
- Protect the ability to work by ensuring that a functioning car and work tools are shielded from seizure.
- Fix a loophole that prevents consumers from challenging debt falsely attributed to them or for the wrong amount.
- Provide consumers with the same window of time to pursue legal action for an unlawful collection practice as collectors currently have to pursue a debt.
- 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. The bill would update our language to be consistent with other consumer protection statutes that ensure consumers can bring good faith cases without extreme risk.

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 Oregonian consumers by protecting their ability to continue working, maintain housing, keep food on the table, and fight unfair debt proceedings. We urge your support of HB 2008 to ensure that our communities continue to receive the support they need to thrive.

Respectfully,

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⁶ <https://tpinsights.com/debt-collectors-just-got-further-jurisdiction-for-contacting-debtors-which-may-have-greater-impact-on-black-americans-but-there-are-ways-to-combat-the-new-mandates/>.