

TRAVIS NELSON
STATE REPRESENTATIVE
HOUSE DISTRICT 44
NORTH/NORTHEAST PORTLAND



HOUSE OF REPRESENTATIVES
Testimony in Support of House Bill 2008

March 6, 2023

Chair Holvey, Vice-Chairs Elmer and Sosa, and members of the committee,

I am Travis Nelson – the State Representative for House District 44 and a Registered Nurse. Committee members, I am here today in support of House Bill 2008.

I want to be clear – the debt we are talking about today is not wealth-building debt. It isn't the debt someone takes on when they buy a home and take out a mortgage. We are talking about the day-to-day consumer debt that people are increasingly relying on to pay for basic living expenses. Forty-nine percent of Americans depend on credit cards to cover essential living expenses, and those essential living expenses are only growing in price to keep up with both demand and inflation. Using credit cards for essential living costs is more common among younger generations – 53% of millennials and 61% of Gen Z use credit cards for their living expenses. Conversely, only 26% of the baby boomers rely on credit cards to cover essential expenses.

Many Oregonians use credit to buy gas, groceries, and other essential living expenses as they live from paycheck to paycheck. That is the current reality. It is also important for us to explore why people get behind in paying off their debts. The data shows that most people stop being able to make full payments on debt because of a specific event – whether that is a job loss, illness, injury, divorce, or death of a partner or other family member who had been providing financial support.

Sixteen percent of Oregonians have debt in collections. In our state, BIPOC people experience double the rate of debt in collections. And the majority of the debt in collections is medical debt, with utility bills the next most common category. Borrowers of color experience the most acute impacts, in part because they are disproportionately pursued by creditors. Data shows that creditors call borrowers of color nearly twice as frequently as they call white borrowers, despite similar rates of default and late payments. As the debt cycle continues, the debt is often turned over to a collection agency who then continues to call and send mail to the person, while threatening to take them to court.

For people who are trapped in this cycle – usually because of an illness or job loss – they are then pulled into the court system. So, for someone who has been trying to juggle collection agencies and avoid having utilities turned off while trying to pay for food, they now receive a letter from the courts with a hearing date. That person may already be so overwhelmed that they stick it in a pile of papers and hope it goes away. *And if they do read the letter, can they afford to take time off work to go to court and can they afford a lawyer to help them? How can a person determine what their options are at that point?* At this point of the process, many of these debt cases end up with a default judgement against the consumer because they don't attend the court hearing. The judgement seizes a portion of their wages and freezes their bank account.

Oregon is *not doing enough to protect* families when they face a debt crisis. Our state has received a “D” rating from the National Consumer Law Center for our current exemptions and laws around debt collection and justice. You will hear more from others this morning about what happens when someone stops paying a bill and begins to get mail and phone calls from creditors, and the cycle of debt that can lead to housing and food instability. It is time for a change. I urge you to pass HB 2008.

Thank you,

State Representative Travis Nelson
House District 44, North/NE Portland