

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

March 6, 2023

Regarding: Support for HB 2008

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

For the record, my name is Chris Coughlin, and I appreciate the opportunity to testify on behalf of Oregon Consumer Justice today in support of HB 2008.

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, 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.

Oregonians are contending with rising inflation and increasing costs of living. These pressures are stretching budgets and 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 When financial hardship hits, Oregon's laws are too outdated and flawed to protect people.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:

- 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.¹
- 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.

I want to take a moment to focus on some newly released research about debt collection cases in Oregon courts. Dollar For released a report last week on data from small claims court in 2022 and SEIU 49 compiled data on a random sample of civil cases filed by the largest debt collectors and buyers in 2021.

Key data points include:

- In small claims debt collections cases filed in 2022, consumers participated or had their side of the story represented less than 3% of the time.
- In the random sample of civil cases brought by large debt buyers and debt collectors in 2021
 - No consumer had an attorney representing them.

¹ Low-income family of four in Oregon has a 2022 [HUD earning limit](#) of \$72,650 in Oregon.

- Debt buyers and collectors won nearly two-thirds of the cases, the rest were dismissed. No consumer won a case.
- In no case did a debt buyer or debt collector have to prove the merits of their case, they won each time by “default” judgment.

Consumers do not have the time or knowledge to navigate the legal system, yet these debt lawsuits can have serious consequences on household finances, by giving collectors the power to withhold wages directly from paychecks or even freeze bank accounts.

Debt collectors and debt buyers are flooding the court system with cases to recover old debts. On average, more than 100 complaints were filed against consumers by debt collectors or debt buyers every day the courts were open in 2022 – representing nearly 80 percent of all cases filed in small claims court.

We will be getting this information uploaded to OLIS, and we will be happy to follow up if you have any questions.

I also wanted to put on the record that OCJ and other members of the coalition supporting HB 2008 have been in conversations with state agencies on technical changes that are needed to clarify intent and streamline implementation. We have also had initial conversations with industry representatives, and we look forward to working with the Speaker on amendments to get this bill passed this session.

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 morning, usually an unexpected event – a broken leg, a rent increase, a cut back in hours – is the reason they get behind on payments, and too often fall further and further into debt. HB 2008 can help end that cycle.

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