



March 8, 2023

Chair Paul Holvey
Vice Chairs Elmer and Sosa
House Committee on Business and Labor
900 Court St NE, H-283
Salem, OR 97301

Re: Support for House Bill 2008

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

My name is Michael Best, a Senior Attorney at the National Consumer Law Center (NCLC), and I urge your support of House Bill 2008, the Family Financial Protection Act of Oregon (FFPAO). 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.

State exemption laws are a fundamental protection for families. Without these laws, once a creditor obtained a ruling from a court that a consumer owed it a sum of money, the creditor could seize the debtor's entire paycheck, bank account, car, and household goods, and sell the debtor's home. Exemption laws place limits on these seizures. They are designed to protect consumers and their families from poverty, to preserve their ability to be productive members of society, and to recover from financial setbacks.

NCLC updates its [No Fresh Start report](#)¹ annually, to grade each state's exemption laws. In 2022 NCLC gave Oregon a D grade—the lowest on the West Coast. If the FFPAO passes, Oregon's scores will likely change as follows:²

1. **Wage Protection will go from a 'D' to a 'B':** Instead of protecting only the greater of 75% of wages or \$254/wk Oregon will protect \$1,000 per week.
2. **Family Home Protection will go from an 'F' to an 'A':** Instead of protecting a home worth only \$40,000, Oregon will protect the median price of a home in the county in which it is located.

¹ No Fresh Start 2022: Will States Let Debt Collectors Push Families Into Poverty as the Cost of Necessities Soars?, Michael Best & Carolyn Carter, 2022. Available at: <https://www.nclc.org/resources/no-fresh-start-2022-will-states-let-debt-collectors-push-families-into-poverty/>

² Analysis is based on the scoring criteria used in the 2022 No Fresh Start report, which is subject to change in future reports.

3. **Bank Account Protection will go from a 'C' to an 'A':** Instead of protecting \$400 through the use of a wildcard where a consumer would need to go to court and request that exemption, Oregon will protect \$12,000 in a bank account through an earmarked self-executing protection.
4. **Family Car Protection will go from a 'D' to an 'A':** Instead of protecting a \$3,000 car, Oregon will protect a motor vehicle up to a value of \$15,000 or, if the motor vehicle has been adapted for special use to assist with a disability of the judgment debtor or a dependent of the judgment debtor, up to a value of \$25,000.
5. **Preserving Necessary Household Goods will go from a 'D' to an 'A':** Instead of protecting just \$3,000 in household goods, Oregon will protect all household goods, but a creditor can still seize high value items over \$3,000.

These improvements to Oregon's exemption laws will help ensure that families aren't pushed over a financial precipice by old debts.

The extent to which states protect consumers' income and assets from seizure by creditors is particularly important for communities of color, as weak exemption laws build on, and widen, the racial wealth gap. Communities of color are disproportionately burdened by debt,³ and disproportionately subject to judgments in collection lawsuits⁴ and wage seizure.⁵

These disparities are not surprising, given the country's vast and long-standing racial wealth gap. When hit with challenging financial times, Black and Latinx households have less of a safety net to draw on. While white families have a median wealth of \$189,100, Black families have just \$24,100 and Hispanic families just \$36,100.⁶

Not only do communities of color have fewer assets to cushion financial shocks, but they are also more likely to experience those shocks or to have income so low that even small bumps are mountains. The median income for white households in 2019 was nearly \$75,000, compared to just about \$47,000 for Black households, and \$60,000 for Latinx households.⁷

Additionally, Black and Hispanic households disproportionately experience unemployment.⁸ While the poverty rate in 2021 was 48.1% for non-Hispanic white households, Black and Hispanic households had much higher poverty rates of 19.5% and 17.1% respectively.⁹

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

³ Michael Best and Carolyn Carter, No Fresh Start 2022: Will States Let Debt Collectors Push Families into Poverty as the Cost of Necessities Soars? 7 n.3 (National Consumer Law Center, Dec. 2022).

⁴ Id. at 7 n.4.

⁵ Id. at 7 n.5.

⁶ Id. at 7 n.7.

⁷ Id. at 7 n.6.

⁸ Id. at 7 n.9.

⁹ Id. at 7 n.10.

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. Thank you for the opportunity to submit testimony and your service to Oregon communities

Sincerely,

A handwritten signature in black ink, appearing to read 'MB', with a stylized flourish underneath.

Michael Best
Senior Attorney
National Consumer Law Center

About NCLC

The National Consumer Law Center (NCLC) is a non-profit organization, founded in 1969, that works to advance fairness in the marketplace for low-income consumers. This testimony was prepared by Michael Best, a Senior Attorney at NCLC, who coauthored NCLC's 2022 report, [No Fresh Start 2022: Will States Let Debt Collectors Push Families Into Poverty as the Cost of Necessities Soars?](#). Please contact Michael Best (mbest@nclc.org) if we can provide any further information.