

April 27th, 2023

Chair Julie Fahey
Vice-Chairs Breese-Iverson and Kropf
House Committee on Rules
900 Court St NE, H-283
Salem, OR 97301

Re: Support for House Bill 2008

Dear Chair Fahey, Vice-Chairs Breese-Iverson and Kropf, and Members of the Committee:

My name is Nansi Lopez, Policy Director at Centro Cultural. On behalf of Centro Cultural, we urge your support of House Bill 2008, the Family Financial Protection Act of Oregon. By modernizing and expanding Oregon laws, this Act provides a realistic pathway for families to recover following unexpected financial hardship rather than being pushed further into debt and poverty.

Centro Cultural is the oldest and longest-serving Latino culturally-specific organization in the state of Oregon. Centro was founded 50 years ago by 14 migrant families who believed in creating a vibrant and cohesive society, shared, valued, and open for community members from different ethnicities and backgrounds. Since then, Centro has served as a safe place for our local Latino community, low-income migrant farmworkers, immigrant refugee communities, and all who come to our doors.

Our mission is to be a home for Latino cultures, serving the needs of our diverse community by promoting personal growth and empowerment. With the primary purpose of creating lasting change for families of color and low-income individuals, stimulating systems change, and working with key stakeholders to reduce barriers and provide essential resources and services for the families we serve.

Since our founders decided to begin this journey in 1972, Centro has continued to grow to ensure our community members thrive, working with regional, state, county, and city-wide agencies to advocate for more resources and equitable systems change to support communities of color. Centro's roster of programs seeks to disrupt systemic oppression and racism while converting our clients into agents of change.

Centro has refocused some of our efforts toward upstream work. This shift ensures that our organization is doing the necessary work to create systems change for our communities. Centro's Policy Department works on upstream issues like criminal justice, consumer justice, economic opportunity, housing laws, etc. Part of the work of the Policy Department is convening the Latino Policy Council (LPC), a coalition of Latino leaders organized to advocate and demand change from local governments.

Oregonians are contending with rising inflation and increasing costs of living. These pressures stretch budgets thin and force families to take on debt to cover essentials, including medical care, housing, and food costs. Most household debt in collections results from an unanticipated financial shock - such as losing a job, illness, or divorce. When financial hardship hits, Oregon's laws are too outdated and flawed to protect people.

The abusive activity of one of the most prominent debt collectors in the nation presents a shocking example of how the current Oregon law does not provide adequate protections:

- The Consumer Financial Protection Bureau (CFPB) [took action recently](#) against Portfolio Recovery Associates for multiple violations: collecting on an unsubstantiated debt, collecting on debt without providing required documentation and disclosures to consumers, suing or threatening legal action against consumers without offering or possessing required documentation, and suing to collect debt outside the statute of limitations.
- Oregon Judicial Department records show Portfolio Recovery Associates is a frequent filer against Oregon consumers. From January 1, 2023, through March 24, 2023, Portfolio Recovery Associates has filed at least **939** debt collection lawsuits against Oregon consumers in our state courts.
- Under current Oregon law, consumers are not adequately protected against unlawful actions like those of Portfolio Recovery Associates. And if unlawful actions were to result in a judgment against a consumer, garnishments on that consumer could lead to immense financial chaos due to inadequate protection for the ability to meet basic minimum needs.

Oregon's lack of protection worsens economic and racial inequality in our state. The Coalition of Communities of Color released a 2022 [Report](#) documenting Oregon's extreme racial wealth gap. In our state, communities of color experience [double the rate of debt in collections](#) (35%) than white communities (16%). Nationally, creditors call borrowers of color nearly twice as frequently as they call White borrowers, despite similar rates of default and late payments.¹

This is a racial justice issue. In Oregon, communities of color experience double the rate of debt in collections (35%) than white communities (16%). Borrowers of color experience the most acute impacts because creditors disproportionately pursue them. Creditors call borrowers of color nearly twice as frequently as White borrowers, despite similar rates of default and late payments.

Key provisions of HB 2008 will improve protections for Oregon consumers:

- Increase the minimum amount protected from wage garnishment to reflect the Portland metro minimum wage. This is currently \$590 per week and would be adjusted accordingly as the minimum wage adjusts. This will allow Oregonians to make reasonable payments on their debts while maintaining minimum wage amounts to meet basic needs and protect against the risk of homelessness.

¹ https://www.aspeninstitute.org/wp-content/uploads/2021/09/ASP-FSP_DebtCollectionsPaper_092221.pdf

- Protect housing stability and homeownership by updating the primary residence exemption from \$40,000 or \$50,000 (depending on the type of ownership) to a simple two-tiered process:
 - For people under the age of 65, protect 33% of the real market value as determined by the County Tax Assessor; or
 - For seniors 65 and over, protect 100% of the real market value.
 - We understand there will be an amendment that will cap amounts at the upper end.
- Protect the ability to work by ensuring that work tools and a car up to a value of \$10,000 are shielded from seizure.
- Fix a loophole that prevents consumers from challenging debt falsely attributed to them or for the wrong amount.
- Protect a bank account from being completely zeroed out by a garnishment. The bill will protect up to \$2,500 in a bank account to preserve the ability to pay rent and keep the lights on while a debt is being paid.
- Increase the time window to pursue legal action for an unlawful collection practice so that consumers have a fair chance to address violations and are not tripped up by arbitrary timelines.
- 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, maintaining housing, keeping 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,
Nansi Lopez,
Policy Director at Centro Cultural