

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:

Thank you for the opportunity to submit testimony today. We are Nathan Teske and Itzel Hernandez Spehar, Bienestar's Executive Director and Director of Policy and Advocacy, respectively. Bienestar's mission is to build housing, hope, and community for the well-being of Latinx, immigrants, and all families in need.

Bienestar strongly supports 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 a cycle of debt and poverty.

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 When financial hardship hits, Oregon's laws are too outdated and flawed to protect people.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 in these matters 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.<sup>1</sup>

Medical debt is the primary reason creditors contact people. Other everyday non-loan expenses creditors commonly pursue include unpaid utility, phone, and internet bills. 44.3% of Oregonians reported that it is "very difficult" or "somewhat difficult" in a typical month to cover expenses and pay all bills. The United States has normalized going into debt for basic needs (e.g., health care and education) that could alternatively be publicly funded. Oregonians need a realistic pathway out of debt and poverty. HB 2008 places specific protections on our most vulnerable communities who are in pursuit of that very same goal.

Key provisions of HB 2008 with the -1 amendment 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.
- 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.
- Protect the ability to get to work by ensuring that a car up to a value of \$10,000 is 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

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<sup>1</sup> [https://www.aspeninstitute.org/wp-content/uploads/2021/09/ASP-FSP\\_DebtCollectionsPaper\\_092221.pdf](https://www.aspeninstitute.org/wp-content/uploads/2021/09/ASP-FSP_DebtCollectionsPaper_092221.pdf)

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

Sincerely,

Nathan Teske, Executive Director

Itzle Hernandez Spehar, Director of Policy and Advocacy