



UNITED FINANCE CO.

A United Group, Inc. Company

SINCE 1922

WE' RE IN THE BUSINESS OF SERVING PEOPLE

DATE: April 28, 2023

TO: Chair Fahey, Vice-Chairs Breese-Iverson and Kropf, and
Members of the House Committee on Rules

FROM: Roger Lloyd, Chief Operating Officer
United Finance Co.

SUBJECT: Oppose HB 2008-1

Dear Chair, Vice-Chairs and Honorable Members of the House Committee on Rules:

My name is Roger Lloyd. I am the Chief Operating Officer at United Finance Company, which provides traditional installment loans and purchases retail installment contracts throughout Oregon. We have been in business since 1922 and currently have locations in Beaverton, Bend, Eugene, Gladstone, Grants Pass, Gresham, Hillsboro, Klamath Falls, LaGrande, McMinnville, Medford, Pendleton, Portland, Roseburg, Salem, Seaside and Woodburn. We are a non-depository lender licensed under ORS 725 who specializes in helping consumers who have bruised or damaged credit to reestablish creditworthiness by providing closed end fixed rate loans that are reported to all three major credit bureaus. We typically help customers that wouldn't qualify for bank or credit union financing.

I write today to express my serious concerns with HB 2008-1 which, among other things, makes significant changes to a creditor's ability to enforce their rights to collect a debt. The proponents of the bill have indicated that these changes are needed to help people suffering under the weight of medical debt, but the bill goes far beyond that. HB 2008-1 will affect the rights of mortgage providers, auto lenders, personal loan providers, government entities and even private citizens who find it necessary to utilize small claims court to settle a dispute.

For over 100 years we have been helping Oregonians, many from underserved and lower income communities rebuild their credit. The key to that legacy is treating people fairly and providing for a need that is not served by prime lenders. We also devote extensive resources to ensuring only qualified customers receive loans, that they have the capacity to make reasonable monthly payments, and we do our best to work with customers that fall behind. Unfortunately, despite our best efforts, we also encounter some debtors that refuse to cooperate in any form of repayment plan regardless of their ability. We never want to go to court to collect a debt, and wage garnishments are always a last resort, but they sometimes represent the only remaining mechanism left to enforce our rights. Without this mechanism many of our customers that would now fall below the exempt income threshold set under HB 2008-1 become simply too risky to lend to.

EXECUTIVE OFFICES

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We recognize that a certain amount of disposable income should be protected from wage garnishment and an update to the current law is appropriate since it was last updated in 2019, but unfortunately HB 2008-1 goes too far.

As written, HB 2008-1 Section 3 would more than double the existing weekly wage exemption from \$254 per week to \$590 (40 times the Portland Metro minimum wage of \$14.75). This amount would increase to \$618 per week when the new Oregon minimum wages are implemented on July 1, 2023, and because the exemption applies to disposable income, not gross income, it represents a much higher weekly amount than described. Disposable income is after payroll taxes are withheld. These payroll withholdings include federal taxes, social security, medicare, state taxes, paid family leave and transit taxes. In reality \$618 per week in disposable income translates to approximately \$883 per week in gross income or \$22 per hour. Based on the Oregon Secretary of State Blue Book Data for 2021 nearly 20% of Oregon jobs paid an hourly rate of \$15 per hour or less, and another 25% paid an hourly rate of between \$15 and \$20 per hour. This means that well over 45% of working Oregonians would be immune from any form of wage garnishment.

I believe that HB 2008-1 is well intentioned, but without the ability to enforce debts that are owed for nearly half the working population of the state it will have a chilling effect on credit availability and hurt the very people the bill is intended to help the most. For this reason, I would urge the committee to reconsider advancing this legislation. Thank you for your consideration of my comments. If you have questions, or would like to discuss, please do not hesitate to contact me at 503-238-6470 or rogerl@unitedfinance.com.

Sincerely,

Roger Lloyd

Roger D. Lloyd
Chief Operating Officer

<https://sos.oregon.gov/blue-book/Pages/facts/economy-wages.aspx>

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