OREGON
CREDIT UNIONS

Testimony on SB1595
Senate Committee on Labor and Business
February 7, 2024

Good morning,

I am submitting this testimony on behalf of Oregon Credit Unions and the GoWest Credit Union Association.

Credit unions' not-for-profit, cooperative structure inherently holds them accountable to the member-owners they serve. Oregon credit unions proudly serve 2.33 million members. Credit unions are not-for-profit cooperatives, organized to meet the needs of their members. Over 55% of Oregonians are member-owners of their credit unions, and you will see them in all walks of life — in communities large and small, rural, and metropolitan. Oregon credit unions strive to preserve a legislative climate that recognizes their unique structure and mission.

Oregon credit unions appreciate the spirit of open discussion and compromise that has led up to the agreements in SB1595, the Family Financial Protection Act. Across the state, credit unions look out for consumers' financial well-being, by providing financial education, helping them to save for a brighter future, and by making the loans that help them get the keys to their dream homes, open businesses on MainStreet, and buy the autos that help them get to work and school. The Omnibus bill makes several changes to state exemption laws for garnishments and other post-judgment creditor remedies, including changes to paycheck protection levels, minimum deposit account exemptions, homestead exemption and protection of vehicles.

Credit unions recognize the need to update these statutes to fulfill their purpose. At the same time, updates must recognize the importance of providing creditors with the opportunity to collect debts from consumers that have the means to pay them. This balance plays a critical role to ensure

that all Oregonians continue to have access to a vibrant financial services marketplace.

Countless hours have been put in by a variety of advocates during this process to reach compromises on a number of important issues. We have worked hard to find common ground on language addressing one provision – the so-called *Porter v. Hill* provision. The issues we had identified as Porter v. Hill issues were a) collecting on a debt that clearly isn't owed; and b) filing litigation as an act to collect a debt that can violate the Unfair Debt Collection Practices Act. Our original concern centered around exposing credit unions to increased frivolous litigation. The final language in two sections of ORS 646.639 finds common ground and supports our efforts to provide additional clarification around the proposed language. The agree language includes:

Revise the current version of 646.639(2)(n) as follows:

i. (n) Collects or attempts to collect by any means, including initiating legal action, interest or other charges or fees that exceed the actual debt unless the agreement, contract or instrument that creates the debt expressly authorizes, or a law expressly allows, the interest or other charges or fees. A debt collector may not be held liable in any action brought under this subchapter if the debt collector shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error. The fact that the debt collector obtains a judgment for less than the amount sought in the complaint, or fails to obtain a judgment at all, does not by itself constitute evidence of a violation of this paragraph.

b. Replace the current version of 646.639(2)(s) with the following:

i. (s) Collects, attempts to collect, or threatens to collect a debt by any means, including initiating legal action, if the debt collector knows, or through the exercise of reasonable care should know, that the debt does not exist, or is not owed by the debtor. A debt collector may not be held liable in any action brought under this subchapter if the debt collector shows by a preponderance of evidence that the violation was not intentional and resulted from a bona fide error notwithstanding the maintenance of procedures reasonably adapted to avoid any such error. The fact that the debt collector obtains a judgment for less than the amount sought in the complaint, or fails to obtain a judgment at all, does not by itself constitute evidence of a violation of this paragraph.

With this, Oregon credit unions remain “Neutral” on SB1595.

Thank you for the opportunity to provide testimony.

Respectfully,

Pam Leavitt
Sr. Vice President of Regional Grassroots and Political Programs/Legislative Affairs for Oregon