

INTRO: T. A. Taylor-Hunt, submitting written testimony in support of HB 20-211. I am a 25 ½ year Air Force veteran; and for 20 years I have been an advocate for those in need of support and assistance, primarily working in the areas of consumer protection and elder care issues. I am also the state chair for the National Association of Consumer Advocates, an organization working to protect the rights of consumers, particularly those of modest means.

Specific concerns:

1. In the midst of the global coronavirus pandemic and the accompanying economic crisis of unemployment Coloradoans must look to their local elected officials with the political will to provide support during these challenging times. While the federal government created the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide specific protections for federally backed home mortgages and student loans, the CARES Act did not address garnishment of wages.
2. Coloradoans expectation is that their elected officials will provide the necessary support to help them through this crisis. Preventing extraordinary collection actions by debt collectors during the depressed economic circumstances of the coronavirus pandemic is vital to the recovery of Colorado consumers and meets the expectation that Colorado takes care of Coloradans.
3. Accepting that there is a need for businesses to collect lawfully owing debts the process should be fair to the consumer and the business. Right now, in the midst of the extreme change in the virtually eliminated economic viability of many Coloradoans, that is not the case. The argument that prohibiting extraordinary collection actions for a designated period of time, critically harms business is faulty at best and inaccurate at its worse.
 - a. Garnishment actions filed with banks against consumers do not give the consumer information in advance of the filing.
 - i. Many consumers become aware of the garnishment when they attempt to access their funds to meet necessary obligations, including rent, food and medical needs.

- ii. Garnishments are happening for a variety of reasons, and those reasons continue to exist. Businesses are not denied their right to collect lawfully owed obligations. They are simply being asked to consider the once in a century circumstances facing Colorado consumers.
 - iii. Most people in Colorado do not have sufficient savings to provide for emergencies. Those that do have emergency funds, likely saw those funds depleted during the past three months when Colorado was under statewide stay at home orders, which effectively resulted in hundreds of thousands of people trying to maintain themselves and their families without continued income.
 - iv. The short-term nature of the prohibition on extraordinary collection actions by debt collectors ensures that businesses are able to resume their activity without further action by another governmental entity.
 - 1. The prohibition ensures that consumers will have certainty that as they reenter the workforce, either part-time or full-time, they will be able to focus on reestablishing financial security without fear of having their funds garnished.
 - 2. The prohibition recognizes that many consumers will be faced with the need to pay arrearages on mortgages, rents, and utilities at the end of the statewide collective action to hold those account payments in abeyance.
 - b. Without these prohibitions, garnishments will lead to more difficulties for the consumer as the economic fragility of the labor and residential rental market will result in increased evictions at a time when being housed is a necessary component to maintain the health, wellness and safety of individuals and communities, struggling in the midst of COVID-19.
4. These protections are especially needed for low income families and seniors who rely on the limited funds they receive for basic economic survival.

- a. Seniors –While many seniors receive social security and other federal payments that cannot be garnished by debt collectors, many also rely on small pensions, which may be subject to garnishment. Clearly, this is not the time to place those seniors at increased of being evicted when they are the most at-risk group for significant medical problems during COVID-19. As a group, seniors are generally committed to meeting their financial obligations. A woman 74 years of age agreed to payment arrangements for a Visa credit card debt she did not remember opening, with those payment arrangements made possible because of her exempt income.
- b. Military – Garnishment of a household member where there is a joint account is problematic as the garnishment may occur without knowledge of the active duty service member. Although there may be someone on the military installation who could help the spouse determine the legality of the garnishment, reluctance to ask for help is a significant barrier due to the potential ramifications to the military member's career. Should the garnishment begin, even if proper procedures were not followed by the debt collector the process is difficult to unwind and the adverse impact impossible to undo.

The requirements of this bill are not onerous for the debt collector as they retain the right to collect and utilize garnishments for lawfully owed debts. Prohibiting extraordinary collection actions by debt collectors during these economic conditions not seen before, in the lifetimes of most Coloradoans, is the right thing to do. It is also good business practice for debt collectors to support all efforts to ensure the consumer regains employment and reestablishes their financial footing. As the state moves through the recovery process, debt collectors will again be able to use legal mechanisms to collect lawfully owing debts.

Without the prohibition against extraordinary collection actions by debt collectors, Colorado consumers will be placed in a weak and uncertain position as they work towards economic recovery. Continuing these collection actions in the midst of the present public health and economic crisis is a fundamentally flawed effort. It will not work, even at the most basic level and is not in the best interest of economic recovery for the state of Colorado and the consumer.

Thank you for your time. On behalf of Colorado consumers, I strongly recommend support for the passage of HB 20-211.



Colorado Consumer Health Initiative

June 9, 2020

Dear Members of the House Finance Committee:

I am writing on behalf of the Colorado Consumer Health Initiative (CCHI) to request your vote in favor of SB20-211 Limitations on Extraordinary Collections Actions.

CCHI is a consumer-oriented, member-based health care advocacy organization working so that all Coloradans have equitable access to affordable, high-quality health care. In June 2018 CCHI established a Consumer Assistance Program to help consumers throughout Colorado navigate health care access and medical billing, debt and claims issues. In two years we have helped over 700 people in 40 Colorado counties and saved \$1.5 million. Through our clients, we see daily the health and financial distress that medical debt can have on Colorado families. With so many stressors now added by the pandemic, we ask for your support of the relief granted by SB20-211.

One constant theme in our work has been the troubling number of people who are being sent to collections after receiving medical care. These individuals required urgent or emergency care, or were quoted costs for services that are hundreds or thousands of dollars below what they are ultimately charged. One woman we assisted was quoted \$137 for her 20-week ultrasound and then billed \$1,300. Her \$800 obligation after insurance was financially out of reach and her bills were sent to collections while she was in the process of applying for financial assistance with the hospital. Another client received an \$11,000 bill for a 2-hour ER visit for dehydration. He was uninsured and even the reduced \$6,000 "self-pay discount" was completely unaffordable.

Many Coloradans are uninsured or underinsured, exposing them to greater out of pocket costs that are beyond their reach. Frequently, the system fails them and, despite being eligible for support, no financial assistance or payment plans are offered until after the bill has gone to collections. Often the bills go to collections before there is an opportunity to negotiate with the hospital or provider.

These practices have an enormous impact on people's health and economic security. Right now, they are compounded as we deal with this unprecedented public health and economic crisis. Coloradans are simultaneously losing the ability to pay their bills due to massive unemployment, experiencing disruptions in their health coverage, and still in need of health care services--especially if they contract COVID-19. [26% of all Coloradans have debt in collections, that number is nearly double \(44%\) for people of color.](#) The highest percentage of

debt in collections--15% overall and 25% for people of color--is medical debt and these numbers are likely to increase as unemployment and the health implications of COVID-19 continue.

Senate Bill 20-211 recognizes the economic reality that Coloradans are facing and provides additional protections to help our community members from falling further behind. We respectfully request a yes vote.

Sincerely,

Adela Flores-Brennan
Executive Director
Tel: 303-618-3604
afbrennan@cohealthinitiative.org

Thank you Madam. Chair and to the committee for hearing my testimony today in support of Senate Bill 20-211. My name is Morgan Royal and I am the Campaigns Director at New Era Colorado. We are a local nonpartisan, nonprofit organization that works to mobilize and empower a new generation to participate in our democracy and make Colorado a better place for everyone.

Young people are facing heightened financial insecurity right now. This insecurity is even greater at the intersection of race and class. Senate Bill 20-211, is a step that our state can take to mitigate the financial stress borrowers are experiencing right now, by giving authority to allow for the suspension of debt collection and garnishment in a moment like this one. This bill would create a temporary prohibition on any new extraordinary debt collection actions, allowing borrowers the time to financially recover from the economic crisis and avoid falling further into debt, which would have lasting effects on their life and the state economy. Extreme conditions shouldn't set borrowers back even further and the debt collection and garnishment process will have long term negative impacts on borrowers who are trying to recover from this pandemic and the resulting economic crisis.

SB 20-211 provides expanded protections for those facing extraordinary collections which are key during our troubled economy. This legislation will allow individuals to have up to \$4,000 in their account that is protected from garnishment. This higher protection will support Coloradans to gain financial stability and hopefully avoid falling into further financial hardship.

In our state, more than 761,000 people are working to pay back over \$27.7 billion in student loan debt, and this burden is especially high for rural Coloradans and communities of color. Before the pandemic, this debt was holding our generation back from starting businesses, buying homes, starting families, building savings, and contributing to the economy. Now, young people are facing even more uncertainty over how they are going to recover financially and it's extremely unclear what the future will hold for an entire generation of people who will feel the compounded weight of this economic crisis for years to come.

Before the federal CARES Act protections came together, at the beginning of this public health crisis, many borrowers were struggling to navigate how they were going to make monthly payments. And yet, as we've learned from research and policy experts, the CARES Act leaves out many borrowers that do not qualify for the federal package. These borrowers are still trying to juggle their monthly payments and respond to a global pandemic without the support they need.

This public health crisis is going to have lasting impacts on our state and our economy, and we've heard story after story about how young people are struggling to make monthly payments, keep themselves afloat, getting laid off, and filing for unemployment at high rates. In a crisis like this one, debt collection and garnishment should be suspended so that borrowers and consumers can recover and so that as a state we can mitigate further long-term harm during our economic recovery. We already know that economic recovery will take longer in Colorado, this bill can assist Coloradans as they fight for their economic futures. Right now is a time to provide people with the support they need for the long-term economic health of Coloradans and the state.

The impacts of this crisis are going to extend beyond the measures that are currently in place and we need to take action in order to provide these protections. I strongly urge you to vote yes on Senate Bill 20-211. Thank you so much for your time and for being here today.

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STATE OF COLORADO
DEPARTMENT OF LAW

Office of the Attorney General

June 9, 2020

M E M O R A N D U M

TO: Members of the House Finance Committee
FROM: Jefferey Riestler, Director of Legislative Affairs and Assistant Attorney General
RE: House Bill 20-1143: Environmental Justice and Projects Increase Environmental Fines

In 1999, the Environmental Protection Agency (EPA) brought 850 new cases for environmental crimes. Since then, we have seen an over fifty percent decrease in cases with only 302 cases in 2019. In addition, EPA staff and the criminal enforcement budget are steadily decreasing over time.

The EPA, recognizing their own shortcomings, is increasingly seeking to partner with state Attorney Generals or local District Attorneys. However, this puts Colorado in a vulnerable position as we do not have the same penalty authority as the EPA or other states, limiting our state's ability to protect our citizens and waterways. The potential impact of this is significant as the Colorado River supports 40 million people as it flows through seven U.S. states and Mexico.

House Bill 20-1143 (HB 20-1143) seeks to address this by enhancing Colorado's criminal penalties for water pollution to more closely align with other Colorado environmental crimes and EPA authority. This will create a real deterrent for potential polluters, equity in enforcement, and allow Colorado to better protect its waterways when the EPA declines to do so. These changes are a reasonable enhancement of our criminal penalties and can provide benefits to Colorado and our neighboring states.

HB 20-1143 also strengthens our civil penalties in an effort to provide adequate relief for those impacted by polluted waterways. Without clean water, Colorado's \$41 billion agriculture industry would not be able to thrive. By increasing our civil and criminal penalties, we can better protect one of our most precious resources and support some of our state's biggest economic drivers.

For these reasons, the Department of Law supports HB 20-1143. Should have questions, please contact me at jefferey.riester@coag.gov. Thank you for your consideration.

Limitations on Certain Consumer Debt Collection Practices (SB20-211)

Testimony to House Finance Committee

Cate Blackford, Director of Outreach

June 9, 2020

Thank you for the opportunity to share written testimony today, given the safer at home order. My name is Cate Blackford. I am the director of outreach at the Bell Policy Center. The Bell provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

The Bell Policy Center strongly supports SB20-211, which would protect Colorado consumers from extraordinary debt collection actions during the declared emergency and the months following, preserving essential financial resources for food, medicine, housing and transportation.

During this unprecedented economic crisis, at a time when 500,000 Coloradans have filed for unemployment, it is essential collections on old debts are a lower priority than everyday essentials. Families are struggling. Nationally, the number of food insecure households with children under the age of 12 is nearly triple what it was in 2018. More disturbingly, [the number of children experiencing hunger is up 460 percent](#) to nearly 1 in 5. Unemployment is especially impacting lower-income workers, those who make less than \$40,000 a year — where we've seen rates of [39 percent unemployment vs. in higher income jobs it's been closer to 13 percent](#) job loss.

Before this crisis, [nearly 40 percent of Coloradans could not cover an unexpected \\$400 expense](#) without borrowing money or selling something. [Nearly 1 in 4 had debt in collections](#), including 2 in 5 Coloradans of Coloradans of color.

Even the loss of a small amount of money when families are living paycheck to paycheck can have devastating financial impacts, leading to losing one's vehicle, one's job, having to drop out of school, losing one's home, and tradeoffs between food and medicine. At the same time, even modest amounts of savings, \$250 to \$750, are [shown to have significant impact on financial stability](#). Debt collections often drive families into long-term financial instability, in part by preventing or wiping out such savings. Colorado's weak state exemptions [earned the state a D rating by the National Consumer Law Center](#) in November 2019 because our exemptions fail to fully shield those assets, including vehicles, tools and other household goods such as laptops, which are necessary for people to continue working.

Currently, some extraordinary collections are being prevented by courts being closed and a range of other temporary rules. While this is helpful in the short term to some people, when the courts re-open we are likely to see a massive backlog of collection actions come forward and we need an emergency standard of protections for all Coloradans.

Given the economic hardship Coloradans are facing and the ripple effects those are having in people's everyday lives, to mitigate some of the worst possible outcomes, it is essential Colorado create emergency protections for the duration of the crisis and its economic aftermath.

By raising the threshold for what wages can be garnished, people will be able to retain more of their income to pay bills and buy food if they continue to work. By raising the threshold of the value of household goods and vehicles that can be claimed, we increase the possibility people will be able to continue working or find new employment, by raising the threshold of what financial assets can be garnished, we will be protecting future stimulus funds and existing savings to help Coloradans weather this recession. By protecting Coloradans in these specific, limited ways, we are helping to ensure they will not be caught up in additional debt or face extreme consequences such as losing their employment or their home. Instead these protections increase the likelihood of Coloradans maintaining financial stability and consequently, our local and state economy being able to recover more quickly.

These changes may not be enough and the legislature may need to take up additional action in January, but they are a critical step as we face the current economic fallout of the COVID-19 pandemic.

Thank you again for the opportunity to provide testimony today.