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**WRITTEN TESTIMONY REGARDING §§ 1, 2 and 3 OF H.B. 5427, AN ACT CONCERNING ISSUES
RELATING TO DEBT COLLECTION**

Carolyn L. Carter
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I am the Deputy Director of the National Consumer Law Center (NCLC), a non-profit organization founded in 1969 to advance protections for low-income and elderly consumers in the United States. Our main office is located in Boston, Massachusetts. We provide advice, analysis, and training to attorneys representing consumers around the country and frequently present written and oral testimony and analysis in Congress, before the federal agencies, and in state legislatures. Our 20-volume series of consumer law treatises includes *Collection Actions* (4th ed. 2017) and *Repossessions* (9th ed. 2017). We also publish reports on the status of consumer protections in the states, including [No Fresh Start in 2019: How States Still Allow Debt Collectors to Push Families into Poverty](#) (Nov. 2019), which analyzes laws in the 50 states that protect debtors' earnings and assets from seizure by creditors. This testimony focuses on §§ 1, 2, and 3 of H.B. 5427 because those sections relate to protection of debtors' income and assets from seizure by creditors, an area of particular concern for NCLC and on which we have published extensively.

Sections 1 and 2 will greatly benefit consumers in the state by automatically protecting the first \$1000 in a debtor's bank account from seizure by a judgment creditor. Currently Connecticut protects this amount only for accounts into which wages, Social Security benefits, or certain other benefits are being electronically deposited. H.B. 5427 will correct the inequity in excluding workers whose wages are not electronically deposited and retirees whose pension payments do not fall into one of the categories in the current law. H.B. 5427 will also reduce the burden on banks, which will no longer have to determine whether the account is receiving electronic deposits and whether those deposits fall into the limited categories in the current law.

In [No Fresh Start in 2019](#), NCLC rated the states based on, among other things, whether they protected a basic amount in a bank account from seizure by creditors. Connecticut rated a "C" – lower than all its neighboring states except Rhode Island. (New York, which protects 240 times the state minimum wage--\$2664 to \$3600 depending on the location within the state--rated an "A" and Massachusetts a "B"). H.B. 5427 would bring Connecticut more in line with other states in the region.

H.B. 5427 will also increase the current automatic protection from \$1000 to \$2000 for bank accounts that are receiving electronic deposits of veterans' benefits. This increase will be very helpful to these debtors, but it would be more helpful if it were applied to all bank accounts. With median monthly rent in the state at [\\$1125](#), allowing creditors to clean out all but \$1000 in a family's bank account leaves the family without the ability to pay even the upcoming month's rent, not to mention food, child care, and costs to keep getting to work. \$2000 would be a more realistic protection that would help struggling debtors continue to earn a living and provide for their families.

Section 3 brings needed updates to the existing restriction on deficiency judgments. Connecticut currently prohibits deficiency judgments when a car worth \$4000 or less is repossessed. Updating the figure to \$9000 makes it a much more realistic protection, as the average retail price for a *used* vehicle is now \$20,664. Importantly, H.B. 5427 also provides for the \$9000 figure to be adjusted periodically to reflect changes in the cost of living, so that it will not be eroded due to inflation in the future.

Thank you for your consideration of this testimony.