

To: The Honorable Aaron Michlewitz
Chairman, House Committee on Ways and Means
State House Room 243
Boston, MA 02133

CC: Rep. Denise Garlick, Vice Chair, House Committee on Ways and Means;
Rep. Elizabeth Malia, Assistant Vice Chair, House Committee on Ways and Means;
Blake Webber, Chief of Staff, Office of Chairman Aaron Michlewitz;
Tim Sheridan, Legislative Director, Office of Chairman Aaron Michlewitz;
Dave Bunker, Budget Director, House Committee on Ways and Means;
Philip Lynch, Legislative Director, Office of Representative Denise Garlick;
Natalie Kaufman Chief of Staff, Office of Representative Elizabeth Malia.

Re: [H4694](#): *An Act relative to fairness in debt collection*, or the “Debt Collection Fairness Act (DCFA)”

Dear Chair Michlewitz:

The 43 Massachusetts groups below respectfully urge you to swiftly report out favorably to the Floor for a vote, *An Act Relative to Fairness in Debt Collection*, or the “Debt Collection Fairness Act (DCFA)” which currently sits before your committee.

Even before the COVID-19 crisis, 20% of Massachusetts consumers had a debt in collections rising to 39% in communities of color.¹ With 24% of the Commonwealth's pre-pandemic workforce having applied for unemployment benefits by the end of April,² a tsunami of collection lawsuits on defaulted debt is on its way. By reforming wage garnishment, and the interest rates on judgments (among other things), the Debt Collection Fairness Act will help ensure that once residents are back to work they can keep enough of their wages to take care of their families and spend in their local communities. The DCFA is a revenue-neutral way to support consumers and the local economy.

After months of discussions between consumer advocates and industry experts, led by Chairs Welch and Murphy of Financial Services, we believe the bill voted out of the Joint Financial Services committee as [H4694](#) strikes the right balance of addressing industry concerns with the original language of the bill, while still increasing protection for consumers.

Consumer protections, like those in the DCFA, are a powerful and necessary economic development tool that will help keep consumers in their homes, in their cars, able to return to work, and able to invest their wages in their local businesses and communities.

The DCFA balances the interests of debt collectors and consumers by, among other things:

1. **Protecting More Wages from Garnishment:** Current MA law protects 50 times the minimum wage per week or 85 percent of the debtor's gross wages--whichever is greater.

The DCFA would protect 70 times the minimum wage per week, and only allow the garnishment of 10% of wages over that amount.

- 2. Reducing the Interest Rate on Debts a Court Has Determined a Consumer Owes:** The interest rate on judgments in Massachusetts is the highest in the country at 12%--an anachronistic rate that belongs in the 1980s and that only two other states have.

The DCFA would reduce that rate to 6%, putting it in line with most other states.

- 3. Reducing the Window of Time to Collect on Debts a Court Has Determined a Consumer Owes:** Under current law, a collector can collect on a court judgment for 20 years--an astonishingly long time to have a debt hanging over someone's head.

The DCFA would reduce that window to a more reasonable 10 years.

- 4. Making Clear that no one in the Commonwealth Shall be Imprisoned for Failure to Pay a Consumer Debt:** Current law provides for the issuance of "warrants for arrest and other processes to secure the attendance of debtors or creditors to answer for any contempt." This statute can be abused by creditors who use these civil arrest warrants and the threat of arrest to frighten consumers into making payments.

The DCFA would reform the use of civil arrest warrants and make clear that no one in the Commonwealth shall be imprisoned for failure to pay a consumer debt.

We urge you to send the Debt Collection Fairness Act to the Floor for a vote swiftly.

Sincerely,

ACLU of Massachusetts
Action for Equity
Asian Community Development Corporation
Boston Builds Credit
The Boston Tax Help Coalition
Boston Tenant Coalition
Boston Ujima Project
Center for Social Justice, WNE School of Law
Charles Hamilton Houston Institute for Race and Justice
Chelsea Collaborative
Children's HealthWatch
Citizens for Citizens, Inc.
City Life/Vida Urbana
Economic Mobility Pathways (EMPath)
ESAC Boston
Greater Boston Legal Services, on behalf of its low-income clients
HRI
Jewish Alliance for Law and Social Action

Jewish Community Relations Council
Justice Center of SE MA, subsidiary of South Coastal Counties legal Services
Legal services Center of Harvard Law School
Local Initiatives Support Corporation (LISC) Boston
MA Association of Community Development Corporations
Main South CDC
Massachusetts AFL-CIO
Massachusetts Association for Community Action (MASSCAP)
Massachusetts Communities Action Network
Massachusetts Law Reform Institute
Massachusetts Senior Action Council
Metro Housing|Boston
The Midas Collaborative
National Consumer Law Center (on behalf of its low income clients)
Neighborhood of Affordable Housing, Inc.
Office of Justice & Peace, Sisters of St. Joseph of Boston
Ora's Place, Inc.
RCAP Solutions, Inc.
South Boston NDC
Springfield Neighborhood Housing Services
Strong Women In Action SWIA
Union of Minority Neighborhoods Citizens Congress on Poverty's Unemployment Project
United Way of Massachusetts Bay and Merrimack Valley
Urban Edge
Worcester Community Action Council

¹ Debt In America: An Interactive Map. https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_debt_collections&state=25

² Jobless claims in Mass. top 893,000, or 24% of the labor force, amid coronavirus crisis, Boston Globe, Updated April 30, 2020. <https://www.bostonglobe.com/2020/04/30/business/more-americans-file-unemployment/?event=event12>