



June 18, 2019

The Honorable Stephen D. Hambley, Chairman
House Civil Justice Committee
Statehouse
Columbus, OH 43215

Oppose House Bill 251

Dear Chairman Hambley,

On behalf of the members of ACA International, I am writing in opposition to *House Bill 251* which would significantly shorten the statute of limitations for collecting rightfully owed debt in the state of Ohio.

ACA International is the nation's leading trade association for credit and collection professionals with offices in Washington, DC and Minneapolis, Minnesota. Founded in 1939, ACA represents approximately 2,500 members, including credit grantors, third-party collection agencies, asset buyers, attorneys, and vendor affiliates, who employ more than 129,000 employees worldwide and nearly 6,000 employees in Ohio.

ACA members include the smallest of businesses that operate within a limited geographic range of a single state like Ohio, and the largest of publicly held, multinational corporations that operate in every state. The majority of our member companies are, however, small businesses. According to a recent survey, 44 percent of ACA member organizations have fewer than nine employees. Additionally, 85% of members have 49 or fewer employees and 93% of members have 99 or fewer employees.¹

Our members are the backbone of our credit-based economy recovering close to \$67 billion annually to the U.S. economy and \$3.8 billion to the Ohio economy, while creating jobs at

¹ Small Businesses in the Collection Industry in 2018, ACA International, Josh Adams, May 2018, <https://www.acainternational.org/assets/research-statistics/aca-wp-smallbusiness-5-18.pdf>

MINNEAPOLIS OFFICE
4040 WEST 70TH STREET 55435
P.O. BOX 390106, MINNEAPOLIS, MN 55439-0106
TEL +1(952) 926-6547 FAX +1(952) 926-1624

WASHINGTON OFFICE
509 2ND STREET NE, WASHINGTON, D.C. 20002
TEL +1(202) 547-2670
FAX +1(202) 547-2671

the national and state level.²

ACA members are required to comply with applicable federal and state laws and regulations governing the collection of consumer debt, along with the ethical standards and guidelines established by ACA. Specifically, the collection activities of our members are regulated primarily by the Federal Trade Commission (“FTC”) and Consumer Financial Protection Bureau (“CFPB”) and fall under the purview of the Fair Debt Collection Practices Act (“FDCPA”),³ the Fair Credit Reporting Act (as amended by the Fair and Accurate Credit Transactions Act),⁴ Telephone Consumer Protection Act (TCPA) and the Gramm-Leach-Bliley Act (“GLBA”),⁵ in addition to other federal, state and local laws and numerous federal and state regulators and law enforcement agencies.

Consumer debt collection is important to our national, state and local economies. The work of our members helps keep credit available and affordable. Widely available credit is important to consumers and businesses. If enacted *House Bill 251* would limit a creditors ability to collect rightfully owed debt and limit a consumer’s ability to get affordable credit.

If enacted *House Bill 251* would decrease the statute of limitations on contract actions including actions associated with contracts for the extension of credit from eight years for written contracts and six years for oral contracts to only three years for both. It is our experience that such a limited period of time to collect a debt will have serious unintended consequences for consumers experiencing financial difficulties.

When people find themselves in a situation where they are unable to pay their bills – as a result, for example, of an unforeseen illness or a divorce – it is not uncommon for them to need several years to get back on firm financial ground and become able to satisfy their obligations. By reducing the statute of limitations to 3 years, this bill would limit the ability of a creditor to be flexible with setting up a long-term payment plan which could satisfy the debt, and would likely result in an increase in lawsuits and negative credit reports.

It is our experience that the vast majority of consumers want to pay their bills, but for a variety of reasons are unable to make full payment in a timely manner. We routinely negotiate payment plans with consumers which stipulate small monthly payments over the course of many years. Shortening the statute of limitations will lead to more creditors forgoing traditional collections activities and pursuing a legal solution, which only harms consumers.

Businesses that are based in Ohio or operate in Ohio would be harmed by this bill. A landscaping company or community hospital which pays taxes and creates jobs should not be left unpaid for legitimate debts owed to them. Small businesses around Ohio could be put in a position where they are either forced to file suit to collect because of a reduced

² , Ernst & Young, 2017, *2014 The Impact of Third-Party Debt Collection on the U.S. Economies.*
<https://www.acainternational.org/assets/ernst-young/2017-ey-connecticut.pdf>

³ 15 U.S.C. § 1692 *et seq.*

⁴ 15 U.S.C. § 1681 *et seq.*

⁵ 15 U.S.C. § 6801 *et seq.*

statute of limitations or they will never be paid for their services. Neither of these scenarios is acceptable for the hard-working citizens of Ohio.

I respectfully urge this Committee to carefully consider these issues and to oppose *House Bill 251*. Thank you for your consideration.

Submitted by:

A handwritten signature in black ink, appearing to read "Andrew Madden". The signature is fluid and cursive, with the first name "Andrew" and last name "Madden" clearly distinguishable.

Andrew Madden
Vice President State Government Affairs
ACA International