



Opponent Testimony on House Bill 251 House Civil Justice Committee

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Good afternoon Chairman Hambley, Vice Chairman Patton, Ranking Member Brown and members of the House Civil Justice Committee. On behalf of the National Creditors Bar Association, I would like to respectfully express our opposition to House Bill 251, legislation that would reduce Ohio's statute of limitations to three years for both written and non-written contracts. The National Creditors Bar Association is a national bar association of over 500 law firms consisting of approximately 2,500 attorneys throughout the US.

The National Creditors Bar Association has done considerable research on the statute of limitations across our country. It is important to note that our research indicates that the average statute of limitations for written contracts is 5.2 years and the largest plurality of states, 21 to be exact, have a statute of limitations for written contracts of 6 years. For the purpose of perspective and legislative history, it is also important to note that Ohio recently reduced the Ohio statute of limitations. In 2012, merely 7 years ago, the Ohio legislature reduced Ohio's statute of limitations for written contracts from 15 years to 8 years and for non-written contracts from 8 years to 6 years.

The National Creditors Bar Association is concerned about the unintended consequences of the bill as currently drafted in terms of how it will impact the ability of Ohio businesses to collect legitimate debts that are owed them. Shortening the limitations period has the effect of accelerating the deadline for commencing litigation, increasing the burden on Ohio businesses having to hire attorneys and spend money on court costs, as well as on the court system having to handle the increase in court filings.

Additionally, in our members' experiences, small businesses will be more negatively impacted than others as they simply do not have the resources or volume to simply write off the debt as many larger businesses do. Many of our members' small business clients wish to work with their customers for extended periods of time, often significantly longer than 3 years, in order to avoid court actions and to allow the parties to reach an amicable settlement – which sometimes takes a change in circumstance that does not occur overnight.



Finally, and most importantly, our members, including myself, have considerable experience speaking with consumers that are in collections for unpaid bills. From my personal experience, the majority of consumers that are in collections are there not because of spending on luxury or unnecessary items that they cannot afford, but due to a '*change in circumstance*' that was out of their control such as a death, divorce, job loss or medical illness. For the working Ohio consumer, 3 years is not enough time for a middle class family that is living paycheck to paycheck to get back on their feet and pay an unexpected and unanticipated bill. In my experience, Ohio families need 4-6 years to recover from an unexpected bump in the road that drives them off course. By lowering the statute of limitations to 3 years, it will force many Ohio families to either file a bankruptcy that would have been otherwise unnecessary if they had more time to pay their bills or have a judgment taken against them, subjecting them to post-judgment remedies.

For these reasons, the National Creditors Bar Association respectfully asks you and the members of the House Civil Justice Committee to oppose HB 251 in its current form. Thank you for the opportunity to share our concerns. I would be happy to answer any questions.