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Sponsor Testimony on House Bill 244

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Chairwoman Manning, Vice Chair Dean, Ranking Member Lepore-Hagan and members of the House Commerce and Labor Committee. Thank you for affording me the opportunity to provide sponsor testimony on House Bill 244. This legislation would increase the time limit for contracts between a consumers and certain credit repair companies.

**What is Credit Repair?**

Credit repair companies are a subset of credit services organizations that are regulated under Chapter 4712 of the Revised Code. They help consumers get inaccurate or unfair information removed from their credit reports. Victims of identity theft often find the services of credit repair companies to be helpful.

**Breaking Down Barriers for Credit Repair in Ohio**

Unfortunately, a provision of Ohio law dating back to 1993 prohibits contracts between consumers and any credit services organization they select from lasting longer than 60 days. Because credit repair companies are lumped into the definition of credit services organizations, this restriction applies to them also. The 60-day contractual limit has an unduly negative effect on consumers. It does not provide typical credit repair consumers with adequate time to have their credit repaired without needing to go through the cumbersome and unnecessary process of renewing their contracts with credit repair companies. This could cause unnecessary interruptions to and delays in consumers getting their credit fully repaired.

**The 60-Day Limit on Credit Repair Contracts Hurts Consumers**

This time limit on consumers' contracts with credit repair companies is also far more restrictive than other states' approach to this issue. Notably, 42 states have no contractual time limit, while Ohio's 60-day limit is the shortest of the 8 states that do have a limit. Also, the 60-day cap was enacted prior to the federal government enacting its own set of laws regulating credit repair companies.

### **The 60-Day Limit Makes Ohio an Uncompetitive Credit Repair Market**

Also, our state's consumers have fewer choices for credit repair companies than those in other states. Because of the impracticality of Ohio's 60-day time limit, we are told that reputable credit repair companies are not doing business in Ohio.

Thus, because of the current law's negative impact on consumers and its impact on restricting competition, the remedy in House Bill 244 needs to be adopted.

I would now like to turn it over to my fellow joint sponsor, Representative Ingram, who will explain what HB 244 proposes to do.