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Testimony on House Bill 251 Before the Senate Judiciary Committee

Chris Murphy, Board Member

Ohio Receivables Management Association

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Good morning Chairman Eklund, Vice Chair Manning, Ranking Member Thomas, and members of the Senate Judiciary Committee. Thank you for the opportunity to appear before you this morning to discuss Substitute House Bill 251.

I am a board member for the Ohio Receivables Management Association (ORMA). Our membership consists of companies whose primary business is receivables management and collecting on the outstanding obligations that are owed to first-party creditors. Our members provide services to universities, not-for-profit hospitals, physicians, service-providers, utilities, credit unions, area banks and other types of businesses. All of our members have brick and mortar operations in this state and are small businesses providing jobs to Ohioans.

Our primary job, each day, is to have conversations with consumers who are behind on their obligations. More often than not, we are dealing with Ohioans who fell behind in financial obligations due to life changing events. This could be a death in the family, serious illness, job loss, being a young person just graduating from college and striking out on his/her own, divorce, or becoming a new parent for the first time. These events can require time to gain or regain financial footing.

As you know, Substitute House Bill 251 seeks to amend R.C. 2305.06 and 2305.07 to shorten the statute of limitations on oral and written contracts to four years for oral contracts, six years for written contracts and six years for consumer transactions. The bill, as introduced, would have taken the statute of limitations for both oral and written contracts from six and eight years, respectively, to just three years for both.

It can take a lot longer than three years for many people to fulfill their financial obligations for reasons previously mentioned. Our industry's primary goal is to work with people to help them satisfy those obligations but that can take a long time for some. Filing an action against a consumer is generally a last resort, however, shortening the period for doing so to three years would force our hand much earlier in the process, which is not in the best interest of the consumer. Members of our industry routinely collect on accounts that are four, five and six years from the date of the original debt. A six-year statute of limitations will provide consumers with adequate time to resolve their debts and repair their credit reports.

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The current version of the bill, as passed by the House, is the result of a great number of meetings, discussions and compromises amongst a number of diverse interest holders. We received an interested ear and a great amount of cooperation with a number of House members and we are grateful for their willingness to hear and act upon our concerns. With that, I can say that ORMA is in support of House Bill 251 as passed by the House.

Thank you again for your time, and if I may answer any questions for the Committee, I am happy to do that now.