

As Introduced

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H. B. No. 257

Representatives Grim, Schmidt

Cosponsors: Representatives Brent, Brennan, Piccolantonio, McNally, Rader, Sigrist, Lett, Brownlee, Mohamed, Russo, Denson, Cockley, Somani, Johnson, Jarrells, Upchurch, Hall, D., Baker, Sims, Abdullahi, Synenberg, Miller, J., Robinson, Richardson, Robb Blasdel, Hall, T.

To amend sections 1343.01, 1343.03, 1349.01,	1
2716.02, 2716.03, and 4712.01 and to enact	2
section 1349.54 of the Revised Code to limit the	3
rate of interest on medical debt, to prohibit	4
reporting medical debt to a consumer reporting	5
agency, and to name this act the Ohio Medical	6
Debt Fairness Act.	7

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 1343.01, 1343.03, 1349.01,	8
2716.02, 2716.03, and 4712.01 be amended and section 1349.54 of	9
the Revised Code be enacted to read as follows:	10

Sec. 1343.01. (A) The parties to a bond, bill, promissory	11
note, or other instrument of writing for the forbearance or	12
payment of money at any future time, may stipulate therein for	13
the payment of interest upon the amount thereof at any rate not	14
exceeding eight per cent per annum payable annually, except as	15
authorized in division (B) of this section <u>or limited by</u>	16
<u>division (C) of this section.</u>	17

(B) ~~Any~~ Subject to division (C) of this section, any party 18
may agree to pay a rate of interest in excess of the maximum 19
rate provided in division (A) of this section when: 20

(1) The original amount of the principal indebtedness 21
stipulated in the bond, bill, promissory note, or other 22
instrument of writing exceeds one hundred thousand dollars; 23

(2) The payment is to a broker or dealer registered under 24
the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 25
78A, as amended, for carrying a debit balance in an account for 26
a customer if such debit balance is payable on demand and 27
secured by stocks, bonds or other securities; 28

(3) The instrument evidences a loan secured by a mortgage 29
or deed of trust on real estate where the loan has been 30
approved, insured, guaranteed, purchased, or for which an offer 31
or commitment to insure, guarantee, or purchase has been 32
received, in whole or in part, by the federal government or any 33
agency or instrumentality thereof, the federal national mortgage 34
association, the federal home loan mortgage corporation, or the 35
farmers home administration, all of which is authorized pursuant 36
to the "National Housing Act," 12 U.S.C. 1701; the 37
"Serviceman's Readjustment Act," 38 U.S.C. 1801; the "Federal 38
Home Loan Bank Act," 12 U.S.C. 1421; and the "Rural Housing 39
Act," 42 U.S.C. 1471, amendments thereto, reenactments thereof, 40
enactments parallel thereto, or in substitution therefor, or 41
regulations issued thereunder; or by the state or any agency or 42
instrumentality thereof authorized pursuant to Chapter 122. of 43
the Revised Code, or rules issued thereunder. 44

(4) The instrument evidences a loan secured by a mortgage, 45
deed of trust, or land installment contract on real estate which 46
does not otherwise qualify for exemption from the provisions of 47

this section, except that such rate of interest shall not exceed 48
eight per cent in excess of the discount rate on ninety-day 49
commercial paper in effect at the federal reserve bank in the 50
fourth federal reserve district at the time the mortgage, deed 51
of trust, or land installment contract is executed. 52

(5) The instrument is payable on demand or in one 53
installment and is not secured by household furnishings or other 54
goods used for personal, family, or household purposes. 55

(6) (a) The loan is a business loan to a business 56
association or partnership, a person owning and operating a 57
business as a sole proprietor; any persons owning and operating 58
a business as joint venturers, joint tenants, or tenants in 59
common; any limited partnership; or any trustee owning or 60
operating a business or whose beneficiaries own or operate a 61
business, except that: 62

(i) Any loan which is secured by an assignment of an 63
individual obligor's salary, wages, commissions, or other 64
compensation for services or by his the individual obligor's 65
household furniture or other goods used for his the individual 66
obligor's personal, family, or household purposes shall be 67
deemed not a loan within the meaning of division (B) (6) of this 68
section; 69

(ii) Any loan which otherwise qualifies as a business loan 70
within the meaning of division (B) (6) of this section shall not 71
be deemed disqualified because of the inclusion, with other 72
security consisting of business assets of any such obligor, of 73
real estate occupied by an individual obligor solely as his the 74
individual obligor's residence. 75

(b) As used in division (B) (6) (a) of this section, 76

"business" means a commercial, agricultural, or industrial 77
enterprise which is carried on for the purpose of investment or 78
profit. "Business" does not mean the ownership or maintenance of 79
real estate occupied by an individual obligor solely as ~~his~~ the 80
individual obligor's residence. 81

(C) (1) As used in division (C) of this section, "incur" 82
and "medical debt" have the same meanings as in section 1349.54 83
of the Revised Code. 84

(2) Notwithstanding any contrary provision of the Revised 85
Code, the rate of interest drawn upon medical debt incurred on 86
or after the effective date of this amendment shall not exceed 87
three per cent per annum. 88

Sec. 1343.03. (A) In cases other than those provided for 89
in sections 1343.01 and 1343.02 of the Revised Code, when money 90
becomes due and payable upon any bond, bill, note, or other 91
instrument of writing, upon any book account, upon any 92
settlement between parties, upon all verbal contracts entered 93
into, and upon all judgments, decrees, and orders of any 94
judicial tribunal for the payment of money arising out of 95
tortious conduct or a contract or other transaction, the 96
creditor is entitled to interest at the rate per annum 97
determined pursuant to section 5703.47 of the Revised Code, 98
unless a written contract provides a different rate of interest 99
in relation to the money that becomes due and payable, in which 100
case the creditor is entitled to interest at the rate provided 101
in that contract. 102

(B) Except as provided in divisions (C) ~~and~~ , (D), and (E) 103
of this section and subject to section 2325.18 of the Revised 104
Code, interest on a judgment, decree, or order for the payment 105
of money rendered in a civil action based on tortious conduct or 106

a contract or other transaction, including, but not limited to a 107
civil action based on tortious conduct or a contract or other 108
transaction that has been settled by agreement of the parties, 109
shall be computed from the date the judgment, decree, or order 110
is rendered to the date on which the money is paid and shall be 111
at the rate determined pursuant to section 5703.47 of the 112
Revised Code that is in effect on the date the judgment, decree, 113
or order is rendered. That rate shall remain in effect until the 114
judgment, decree, or order is satisfied. 115

(C) (1) If, upon motion of any party to a civil action that 116
is based on tortious conduct, that has not been settled by 117
agreement of the parties, and in which the court has rendered a 118
judgment, decree, or order for the payment of money, the court 119
determines at a hearing held subsequent to the verdict or 120
decision in the action that the party required to pay the money 121
failed to make a good faith effort to settle the case and that 122
the party to whom the money is to be paid did not fail to make a 123
good faith effort to settle the case, interest on the judgment, 124
decree, or order shall be computed as follows: 125

(a) In an action in which the party required to pay the 126
money has admitted liability in a pleading, from the date the 127
cause of action accrued to the date on which the order, 128
judgment, or decree was rendered; 129

(b) In an action in which the party required to pay the 130
money engaged in the conduct resulting in liability with the 131
deliberate purpose of causing harm to the party to whom the 132
money is to be paid, from the date the cause of action accrued 133
to the date on which the order, judgment, or decree was 134
rendered; 135

(c) In all other actions, for the longer of the following 136

periods: 137

(i) From the date on which the party to whom the money is 138
to be paid gave the first notice described in division (C) (1) (c) 139
(i) of this section to the date on which the judgment, order, or 140
decree was rendered. The period described in division (C) (1) (c) 141
(i) of this section shall apply only if the party to whom the 142
money is to be paid made a reasonable attempt to determine if 143
the party required to pay had insurance coverage for liability 144
for the tortious conduct and gave to the party required to pay 145
and to any identified insurer, as nearly simultaneously as 146
practicable, written notice in person or by certified mail that 147
the cause of action had accrued. 148

(ii) From the date on which the party to whom the money is 149
to be paid filed the pleading on which the judgment, decree, or 150
order was based to the date on which the judgment, decree, or 151
order was rendered. 152

(2) No court shall award interest under division (C) (1) of 153
this section on future damages, as defined in section 2323.56 of 154
the Revised Code, that are found by the trier of fact. 155

(D) Division (B) of this section does not apply to a 156
judgment, decree, or order rendered in a civil action based on 157
tortious conduct or a contract or other transaction, and 158
division (C) of this section does not apply to a judgment, 159
decree, or order rendered in a civil action based on tortious 160
conduct, if a different period for computing interest on it is 161
specified by law, or if it is rendered in an action against the 162
state in the court of claims, or in an action under Chapter 163
4123. of the Revised Code. 164

(E) (1) As used in division (E) of this section, "incur" 165

and "medical debt" have the same meanings as in section 1349.54 166
of the Revised Code. 167

(2) The rate of interest on a judgment, decree, or order 168
for the payment of a medical debt incurred on or after the 169
effective date of this amendment shall not exceed three per cent 170
per annum. 171

Sec. 1349.01. (A) As used in this section: 172

(1) "Consumer reporting agency" has the same meaning as in 173
the "Fair Credit Reporting Act," 84 Stat. 1128, 15 U.S.C.A. 174
1681a. 175

(2) "Court" means the division of the court of common 176
pleas having jurisdiction over actions for divorce, annulment, 177
dissolution of marriage, legal separation, child support, or 178
spousal support. 179

(3) "Health insurance coverage" means hospital, surgical, 180
or medical expense coverage provided under any health insurance 181
or health care policy, contract, or plan or any other health 182
benefits arrangement. 183

(4) "Provider" has the same meaning as in section 3902.11 184
of the Revised Code. 185

(B) If, pursuant to an action for divorce, annulment, 186
dissolution of marriage, or legal separation, the court 187
determines that a party who is a resident of this state is 188
responsible for obtaining health insurance coverage for the 189
party's former spouse or children or if, pursuant to a child 190
support order issued in accordance with sections 3119.29 to 191
3119.56 of the Revised Code, the court requires a party who is a 192
resident of this state to obtain health insurance coverage for 193
the children who are the subject of the child support order, and 194

the party fails to obtain such coverage, no provider or 195
collection agency shall collect or attempt to collect from the 196
former spouse, children, or person responsible for the children, 197
any reimbursement of any hospital, surgical, or medical expenses 198
incurred by the provider for services rendered to the former 199
spouse or children, which expenses would have been covered but 200
for the failure of the party to obtain the coverage, if the 201
former spouse, any of the children, or a person responsible for 202
the children, provides the following to the provider or 203
collection agency: 204

(1) A copy of the court order requiring the party to 205
obtain health insurance coverage for the former spouse or 206
children. 207

(2) Reasonable assistance in locating the party and 208
obtaining information about the party's health insurance 209
coverage. 210

(C) If the requirements of divisions (B) (1) and (2) of 211
this section are not met, the provider or collection agency may 212
collect the hospital, surgical, or medical expenses both from 213
the former spouse or person responsible for the children and 214
from the party who failed to obtain the coverage. If the 215
requirements of divisions (B) (1) and (2) are met, the provider 216
or collection agency may collect or attempt to collect the 217
expenses only from the party. 218

A party required to obtain health insurance coverage for a 219
former spouse or children who fails to obtain the coverage is 220
liable to the provider for the hospital, surgical, or medical 221
expenses incurred by the provider as a result of the failure to 222
obtain the coverage. This section does not prohibit a former 223
spouse or person responsible for the children from initiating an 224

action to enforce the order requiring the party to obtain health 225
insurance for the former spouse or children or to collect any 226
amounts the former spouse or person responsible for the children 227
pays for hospital, surgical, or medical expenses for which the 228
party is responsible under the order requiring the party to 229
obtain health insurance for the former spouse or children. 230

~~(D) (1) If the requirements of divisions (B) (1) and (2) of~~ 231
~~this section are met, both of the following restrictions shall~~ 232
~~apply:~~ 233

~~(a) No collection agency or provider of hospital,~~ 234
~~surgical, or medical services may report to a consumer reporting~~ 235
~~agency, for inclusion in the credit file or credit report of the~~ 236
~~former spouse or person responsible for the children, any~~ 237
~~information relative to the nonpayment of expenses for the~~ 238
~~services incurred by the provider, if the nonpayment is the~~ 239
~~result of the failure of the party responsible for obtaining~~ 240
~~health insurance coverage to obtain health insurance coverage.~~ 241

~~(b) No consumer reporting agency shall include in the~~ 242
~~credit file or credit report of the former spouse or person~~ 243
~~responsible for the children, any information relative to the~~ 244
~~nonpayment of any hospital, surgical, or medical expenses~~ 245
~~incurred by a provider as a result of the party's failure to~~ 246
~~obtain the coverage.~~ 247

~~(2) If the requirements of divisions (B) (1) and (2) of~~ 248
~~this section are not met, both of the following provisions shall~~ 249
~~apply:~~ 250

~~(a) A provider of hospital, surgical, or medical services,~~ 251
~~or a collection agency, may report to a consumer reporting~~ 252
~~agency, for inclusion in the credit file or credit report of the~~ 253

~~former spouse or person responsible for the children, any~~ 254
~~information relative to the nonpayment of expenses for the~~ 255
~~services incurred by the provider, if the nonpayment is the~~ 256
~~result of the failure of the party responsible for obtaining~~ 257
~~health insurance coverage to obtain such coverage.~~ 258

~~(b) A consumer reporting agency may include in the credit~~ 259
~~file or credit report of the former spouse or person responsible~~ 260
~~for the children, any information relative to the nonpayment of~~ 261
~~any hospital, surgical, or medical expenses incurred by the~~ 262
~~provider, if the nonpayment is the result of the failure of the~~ 263
~~party responsible for obtaining health insurance coverage to~~ 264
~~obtain such coverage.~~ 265

~~(3) (a) A provider of hospital, surgical, or medical~~ 266
~~services, or a collection agency, may report to a consumer~~ 267
~~reporting agency, for inclusion in the credit file or credit~~ 268
~~report of that party, any information relative to the nonpayment~~ 269
~~of expenses for the services incurred by the provider, if the~~ 270
~~nonpayment is the result of the failure of the party responsible~~ 271
~~for obtaining health insurance coverage to obtain such coverage.~~ 272

~~(b) A consumer reporting agency may include in the credit~~ 273
~~file or credit report of the party responsible for obtaining~~ 274
~~health insurance coverage, any information relative to the~~ 275
~~nonpayment of any hospital, surgical, or medical expenses~~ 276
~~incurred by a provider, if the nonpayment is the result of the~~ 277
~~failure of that party to obtain health insurance coverage.~~ 278

~~(4) If any information described in division (D) (2) of~~ 279
~~this section is placed in the credit file or credit report of~~ 280
~~the former spouse or person responsible for the children, the~~ 281
~~consumer reporting agency shall remove the information from the~~ 282
~~credit file and credit report if the former spouse or person~~ 283

~~responsible for the children provides the agency with the~~ 284
~~information required in divisions (B) (1) and (2) of this~~ 285
~~section. If the agency fails to remove the information from the~~ 286
~~credit file or credit report pursuant to the terms of the "Fair~~ 287
~~Credit Reporting Act," 84 Stat. 1128, 15 U.S.C. 1681a, within a~~ 288
~~reasonable time after receiving the information required by~~ 289
~~divisions (B) (1) and (2) of this section, the former spouse may~~ 290
~~initiate an action to require the agency to remove the~~ 291
~~information.~~ 292

~~If any information described in division (D) (3) of this~~ 293
~~section is placed in the party's credit file or credit report,~~ 294
~~the party has the burden of proving that the party is not~~ 295
~~responsible for obtaining the health insurance coverage or, if~~ 296
~~responsible, that the expenses incurred are not covered~~ 297
~~expenses. If the party meets that burden, the agency shall~~ 298
~~remove the information from the party's credit file and credit~~ 299
~~report immediately. If the agency fails to remove the~~ 300
~~information from the credit file or credit report immediately~~ 301
~~after the party meets the burden, the party may initiate an~~ 302
~~action to require the agency to remove the information.~~ 303

Sec. 1349.54. (A) As used in this section and section 304
1349.541 of the Revised Code: 305

(1) "Collection agency" has the same meaning as in section 306
1319.12 of the Revised Code. 307

(2) "Consumer" means any person obligated or allegedly 308
obligated to pay a medical debt. 309

(3) "Consumer reporting agency" means any person which, 310
for monetary fees, dues, or on a cooperative nonprofit basis, 311
regularly engages in whole or in part in the practice of 312

assembling or evaluating consumer credit information or other 313
information on consumers for the purpose of furnishing consumer 314
reports to third parties. 315

(4) "Health care provider" has the same meaning as in 316
section 3701.74 of the Revised Code. 317

(5) "Incur" means, with respect to medical debt, the date 318
a health care provider or its designee first sends the consumer, 319
patient guarantor, or third-party payer a bill for health care 320
services, products, or devices. 321

(6) "Medical debt" means an obligation of a consumer to 322
pay an amount for the receipt of health care services, products, 323
or devices including hospital, surgical, and medical expenses, 324
as those terms are used in section 1349.01 of the Revised Code. 325

(B) (1) No health care provider or collection agency shall 326
report to a consumer reporting agency any information relative 327
to the nonpayment of medical debt incurred on or after the 328
effective date of this section for inclusion in a consumer's 329
credit file or credit report. 330

(2) If a consumer believes that a health care provider or 331
collection agency has reported the consumer's medical debt to a 332
consumer reporting agency in violation of division (B) (1) of 333
this section, the consumer may commence a civil action against 334
the health care provider or collection agency. 335

(3) If the court holds that a violation occurred, the 336
court shall order the medical debt or portion of the medical 337
debt reported to a consumer reporting agency to be void. No 338
health care provider or collection agency shall bill or 339
otherwise seek to recover the medical debt from the consumer or 340
any third-party payer, as defined in section 3901.38 of the 341

Revised Code, following such a holding. 342

(C) (1) No consumer reporting agency shall include in a 343
consumer's credit file or credit report any information relative 344
to the nonpayment of medical debt incurred on or after the 345
effective date of this section. 346

(2) If such information is included in a consumer's credit 347
file or credit report, the consumer reporting agency shall 348
remove the information. 349

(3) If the consumer reporting agency fails to remove the 350
information from the credit file or credit report pursuant to 351
the terms of the "Fair Credit Reporting Act," 15 U.S.C. 1681a, 352
within thirty days after discovering or receiving notice of the 353
information, the consumer has a civil action to enforce this 354
section. 355

(4) The court may require the consumer reporting agency to 356
remove the information and award the consumer ten dollars in 357
damages for each day following the initial thirty-day period 358
that the violation persists. 359

Sec. 2716.02. (A) Any person seeking an order of 360
garnishment of personal earnings, after obtaining a judgment, 361
shall make the following demand in writing for the excess of the 362
amount of the judgment over the amount of personal earnings that 363
may be exempt from execution, garnishment, attachment, or sale 364
to satisfy a judgment or order, or for so much of the excess as 365
will satisfy the judgment. The demand shall be made after the 366
judgment is obtained and at least fifteen days and not more than 367
forty-five days before the order is sought by delivering it to 368
the judgment debtor by personal service by the court, by sending 369
it to the judgment debtor by certified mail, return receipt 370

requested, or by sending it to the judgment debtor by regular 371
mail evidenced by a properly completed and stamped certificate 372
of mailing by regular mail, addressed to the judgment debtor's 373
last known place of residence. 374

The demand shall be in substantially the following form: 375

"NOTICE OF COURT PROCEEDING TO COLLECT DEBT 376

Date of mailing or date of service by the court _____ 377

To: _____ 378

(Name of Judgment Debtor) 379

_____ 380

(Last Known Residence Address of Judgment Debtor) 381

You owe the undersigned _____ (Name of 382
Judgment Creditor) \$_____, including interest and court 383
costs, for which a judgment was obtained against you or 384
certified in the _____ court on _____, payment of 385
which is hereby demanded. 386

If you do not do one of the three things listed below 387
within fifteen days of the date of the mailing of this notice or 388
of its service by the court, we will go to court, unless we are 389
otherwise precluded by law from doing so, and ask that your 390
employer be ordered to withhold money from your earnings until 391
the judgment is paid in full or, if applicable, is paid to a 392
certain extent and to pay the withheld money to the court in 393
satisfaction of your debt. This is called garnishment of 394
personal earnings. 395

It is to your advantage to avoid garnishment of personal 396
earnings because the placing of the extra burden on your 397

employer possibly could cause you to lose your job. 398

YOU CAN AVOID THE GARNISHMENT BY DOING ONE OF THESE THREE 399
THINGS WITHIN THE FIFTEEN-DAY PERIOD: 400

(1) Pay to us the amount due; 401

(2) Complete the attached form entitled "Payment to Avoid 402
Garnishment" and return it to us with the payment, if any, shown 403
due on it; or 404

(3) Apply to your local municipal or county court or, if 405
you are not a resident of Ohio, to the municipal or county court 406
in whose jurisdiction your place of employment is located, for 407
the appointment of a trustee to receive the part of your 408
earnings that is not exempt from garnishment, and notify us that 409
you have applied for the appointment of a trustee. You will be 410
required to list your creditors, the amounts of their claims, 411
and the amounts due on their claims, and the amount you then 412
will pay to your trustee each payday will be divided among them 413
until the debts are paid off. This can be to your advantage 414
because in the meantime none of those creditors can garnish your 415
wages. 416

You also may contact a budget and debt counseling service 417
described in division ~~(D)~~ (E) of section 2716.03 of the Revised 418
Code for the purpose of entering into an agreement for debt 419
scheduling. There may not be enough time to set up an agreement 420
for debt scheduling in order to avoid a garnishment of your 421
wages based upon this demand for payment, but entering into an 422
agreement for debt scheduling might protect you from future 423
garnishments of your wages. Under an agreement for debt 424
scheduling, you will have to regularly pay a portion of your 425
income to the service until the debts subject to the agreement 426

are paid off. This portion of your income will be paid by the 427
service to your creditors who are owed debts subject to the 428
agreement. This can be to your advantage because these creditors 429
cannot garnish your wages while you make your payments to the 430
service on time. 431

(Name of Judgment Creditor) 432
433

(Signature of Judgment Creditor 434
or Judgment Creditor's Attorney) 435
436

(Address of Judgment Creditor) 437
438
439
440

PAYMENT TO AVOID GARNISHMENT 441

To: _____ 442
(Name of Judgment Creditor) 443

(Address of Judgment Creditor) 444
445
446

To avoid the garnishment of personal earnings of which you 447
have given me notice, I enclose \$ _____ to apply 448
toward my indebtedness to you. The amount of the payment was 449
computed as follows: 450

1. Total amount of indebtedness demanded: (1) \$ _____ 451

2. Enter the amount of your personal earnings, 452
after deductions required by law, earned by you 453
during the current pay period (that is, the pay 454
period in which this demand is received 455
by you): (2) \$ _____ 456

3. (A) Enter your pay period (weekly, biweekly, 457
semimonthly, monthly): (3) (A) _____ 458

(B) Enter the date when your present pay 459
period ends: (3) (B) _____ 460

4. Enter an amount equal to 25% of the amount on 461
line (2): (4) _____ 462

5. (A) The current federal minimum hourly wage is 463
_____ (to be filled in by Judgment Creditor) (You 464
should use the above figure to complete this portion of the 465
form.) If you are paid weekly, enter thirty times the current 466
federal minimum hourly wage; if paid biweekly, enter sixty times 467
the current federal minimum hourly wage; if paid semimonthly, 468
enter sixty-five times the current federal minimum hourly wage; 469
if paid monthly, enter one hundred thirty times the current 470
federal minimum hourly wage: (5) (A) _____ 471
472

(B) Enter the amount by which the amount on line (2) 473
exceeds the amount on line 5(A): (5) (B) _____ 474
475

6. Enter the smallest of the amounts on line (1), (4), or 476
5(B). Send this amount to the judgment creditor along with this 477
form after you have signed it: (6) \$ _____ 478
479

I certify that the statements contained above are true to 480
the best of my knowledge and belief. 481

(Signature of Judgment Debtor) 482
483

(Print Name and Residence Address of 486
Judgment Debtor) 487
488

(To verify that the amount shown on line (2) is a true 489
statement of your earnings, you must either have your employer 490
certify below that the amount shown on line (2) is a true 491
statement of your earnings or you may submit copies of your pay 492
stubs for the two pay periods immediately prior to your 493
receiving this notice.) 494

I certify that the amount shown on line (2) is a true 495
statement of the judgment debtor's earnings. 496

(Print Name of Employer) 497
498

(Signature of Employer or Agent) 499
500

I certify that I have attached copies of my pay stubs for 501
the two pay periods immediately prior to my receiving this 502
notice. 503

(Signature of Judgment Debtor)" 504
505

(B) If a judgment debtor properly completes a payment to 506

avoid garnishment and returns it with the required funds to the 507
judgment creditor or the judgment creditor's attorney, the 508
judgment creditor or the judgment creditor's attorney who issued 509
the notice of court proceeding to collect debt may not issue 510
another notice of court proceeding to collect debt to the 511
judgment debtor until the expiration date of the judgment 512
debtor's present pay period that is set forth by the judgment 513
debtor and the judgment debtor's employer in the answer to (3) 514
(B) in the payment to avoid garnishment. 515

(C) If an order of garnishment of personal earnings issued 516
pursuant to this chapter has not been paid in full when it 517
ceases to remain in effect because of the operation of division 518
(C) (1) of section 2716.041 of the Revised Code, the garnishee's 519
duties under the order of garnishment are complete with the 520
filing of the final report and answer of the garnishee. The 521
judgment creditor must institute new garnishment proceedings if 522
the judgment creditor wants an additional garnishment. 523

Sec. 2716.03. (A) Subject to the limitation on the 524
commencement of proceedings contained in division (B) of section 525
124.10 of the Revised Code, a proceeding in garnishment of 526
personal earnings may be commenced after a judgment has been 527
obtained by a judgment creditor by the filing of an affidavit in 528
writing made by the judgment creditor or the judgment creditor's 529
attorney setting forth all of the following: 530

(1) The name of the judgment debtor whose personal 531
earnings the judgment creditor seeks to garnish; 532

(2) The name and address of the garnishee who may be an 533
employer of the judgment debtor and who may have personal 534
earnings of the judgment debtor; 535

(3) That the demand in writing, as required by section 536
2716.02 of the Revised Code, has been made; 537

(4) That the payment demanded in the notice required by 538
section 2716.02 of the Revised Code has not been made, and a 539
sufficient portion of the payment demanded has not been made to 540
prevent the garnishment of personal earnings as described in 541
section 2716.02 of the Revised Code; 542

(5) That the affiant has no knowledge of any application 543
by the judgment debtor for the appointment of a trustee so as to 544
preclude the garnishment of the judgment debtor's personal 545
earnings; 546

(6) That the affiant has no knowledge that the debt to 547
which the affidavit pertains is the subject of a debt scheduling 548
agreement of a nature that precludes the garnishment of the 549
personal earnings of the judgment debtor under division (B) of 550
this section. 551

(B) No proceeding in garnishment of personal earnings 552
shall be brought against a judgment debtor for the collection of 553
a debt that is the subject of an agreement for debt scheduling 554
between the judgment debtor and a budget and debt counseling 555
service, unless any payment to be made by the judgment debtor, 556
or by a budget and debt counseling service to the judgment 557
creditor under the agreement for debt scheduling between the 558
judgment debtor and the budget and debt counseling service, is 559
due and unpaid for more than forty-five days after the date on 560
which the payment became due, or unless the judgment creditor 561
previously was notified by the service that the debt scheduling 562
agreement between the judgment debtor and the service was 563
terminated. 564

(C) Upon a court's issuance of an order of garnishment of personal earnings following a judgment creditor's filing of an affidavit under this section and compliance with section 2716.04 of the Revised Code, the garnishee and the judgment debtor shall be notified of the proceeding in garnishment of personal earnings in accordance with sections 2716.05 and 2716.06 of the Revised Code.

~~(D)~~ (D) (1) As used in division (D) of this section, "incur" and "medical debt" have the same meanings as in section 1349.54 of the Revised Code.

(2) No proceeding in garnishment of personal earnings shall be brought against a judgment debtor for the collection of a medical debt incurred on or after the effective date of this amendment.

(E) As used in this chapter:

(1) A "budget and debt counseling service" or "service" means a corporation organized under Chapter 1702. of the Revised Code for the purpose of counseling consumers with respect to their financial obligations and assisting them in dealing with their creditors.

(2) "Debt scheduling" means counseling and assistance provided to a consumer by a budget and debt counseling service under all of the following circumstances:

(a) The counseling and assistance is manifested in an agreement between the consumer and the service under which the consumer regularly pays that portion of the consumer's income to the service that has been determined not to be required for the maintenance of health or the essentials of life.

(b) The payments are made to the service until the debts

of the consumer that are the subject of the agreement are fully 594
retired. 595

(c) The service has sent written notice, by certified 596
mail, return receipt requested, or by regular mail evidenced by 597
a properly completed and stamped certificate of mailing by 598
regular mail, to the creditors of the consumer that are 599
disclosed by the consumer to the service. The notice shall 600
contain all of the following: 601

(i) A statement of the consumer's intent to participate in 602
debt scheduling; 603

(ii) A summary of the consumer's income, proposed itemized 604
budget, schedule of creditors, and proposed debt retirement 605
plan; 606

(iii) A statement of the particular creditor's duty to 607
respond, in writing, to the service regarding the consumer's 608
participation in debt scheduling within fifteen days after 609
receiving the notice. 610

(d) The debts of the consumer that are the subject of the 611
agreement for debt scheduling are determined as follows: 612

(i) Any debt owed to a creditor that was notified of the 613
consumer's intent to participate is a subject of the agreement 614
if the creditor responds to the service and enters into an 615
agreement with the service, pursuant to which the creditor 616
agrees not to attempt to collect the debts of the consumer as 617
long as the consumer regularly pays to the service the amount 618
previously agreed upon by the service and the consumer, and no 619
payment to be made by the judgment debtor to the service or by 620
the service to the creditor is due and unpaid for more than 621
forty-five days after the date on which the payment became due, 622

as long as the debt scheduling agreement between the consumer 623
and the service has not been terminated, and as long as the 624
service regularly pays to the creditor a mutually acceptable 625
amount that is either the amount agreed upon by the service and 626
the creditor on the date they entered into their original 627
agreement or an amount agreed upon by both the service and the 628
creditor on a date after the date of the original agreement. 629

(ii) Any debt owed to a creditor that was notified of the 630
consumer's intent to participate is a subject of the agreement 631
if the creditor does not respond to the service and state the 632
creditor's objection, in writing, to the consumer's 633
participation in debt scheduling within fifteen days after 634
receiving notice of the consumer's intention to do so; however, 635
no debt that is subject to a lien or security interest of any 636
type, other than a judgment lien or execution lien, shall be a 637
subject of the agreement unless the creditor specifically 638
assents, in writing, to the debt being a subject of the 639
agreement. The creditor shall be considered to have entered into 640
an agreement of the type described in division ~~(D) (2) (d) (i)~~ (E) 641
(2) (d) (i) of this section, and the amount to be regularly paid 642
by the service to the creditor shall be an amount determined to 643
be reasonable by the service or an amount agreed upon by both 644
the service and the creditor on a date after the expiration of 645
the fifteen-day period. 646

(iii) Any debt owed to a creditor that was not notified of 647
the consumer's intent to participate, or a debt owed to a 648
creditor that was notified of the consumer's intent to 649
participate and that responded to the service and stated its 650
objection, in writing, to the consumer's participation in debt 651
scheduling within fifteen days after receiving notice of the 652
consumer's intention to do so, is not a subject of the 653

agreement. 654

(e) The service agrees that, if the consumer fails to make 655
a payment under the agreement within forty-five days of its due 656
date or if the agreement is terminated, the service will notify 657
each creditor that is owed a debt that is subject to the 658
agreement of the failure or termination by regular mail within 659
two business days of the failure or termination, and the service 660
provides that notice in accordance with the agreement. 661

Sec. 4712.01. As used in sections 4712.01 to 4712.14 of 662
the Revised Code: 663

(A) "Buyer" means an individual who is solicited to 664
purchase or who purchases the services of a credit services 665
organization for purposes other than obtaining a business loan 666
as described in division (B) (6) of section 1343.01 of the 667
Revised Code. 668

(B) "Consumer reporting agency" has the same meaning as in 669
the "Fair Credit Reporting Act," 84 Stat. 1128, 15 U.S.C.A. 670
1681a, as amended. 671

(C) (1) "Credit services organization" means any person 672
that, in return for the payment of money or other valuable 673
consideration readily convertible into money for the following 674
services, sells, provides, or performs, or represents that the 675
person can or will sell, provide, or perform, one or more of the 676
following services: 677

(a) Improving a buyer's credit record, history, or rating; 678

(b) Obtaining an extension of credit by others for a 679
buyer; 680

(c) Providing advice or assistance to a buyer in 681

connection with division (C) (1) (a) or (b) of this section; 682

(d) Removing adverse credit information that is ~~accurate~~ 683
~~and not inaccurate or~~ obsolete from the buyer's credit record, 684
history, or rating; 685

(e) Altering the buyer's identification to prevent the 686
display of the buyer's credit record, history, or rating. 687

(2) "Credit services organization" does not include any of 688
the following: 689

(a) A person that makes or collects loans, to the extent 690
these activities are subject to licensure or registration by 691
this state; 692

(b) A mortgage broker, as defined in section 1322.01 of 693
the Revised Code, that holds a valid certificate of registration 694
under Chapter 1322. of the Revised Code; 695

(c) A lender approved by the United States secretary of 696
housing and urban development for participation in a mortgage 697
insurance program under the "National Housing Act," 48 Stat. 698
1246 (1934), 12 U.S.C.A. 1701, as amended; 699

(d) A bank, savings bank, or savings and loan association, 700
or a subsidiary or an affiliate of a bank, savings bank, or 701
savings and loan association. For purposes of division (C) (2) (d) 702
of this section, "affiliate" has the same meaning as in division 703
(A) of section 1101.01 of the Revised Code and "bank," as used 704
in division (A) of section 1101.01 of the Revised Code, is 705
deemed to include a savings bank or savings and loan 706
association. 707

(e) A credit union organized and qualified under Chapter 708
1733. of the Revised Code or the "Federal Credit Union Act," 84 709

Stat. 994 (1970), 12 U.S.C.A. 1751, as amended; 710

(f) A budget and debt counseling service, as defined in 711
division ~~(D)~~(E) of section 2716.03 of the Revised Code, provided 712
that the service is a nonprofit organization exempt from 713
taxation under section 501(c)(3) of the "Internal Revenue Code 714
of 1986," 100 Stat. 2085, 26 U.S.C.A. 501, as amended, and that 715
the service is in compliance with Chapter 4710. of the Revised 716
Code; 717

(g) A consumer reporting agency that is in substantial 718
compliance with the "Fair Credit Reporting Act," 84 Stat. 1128, 719
15 U.S.C.A. 1681a, as amended. 720

(h) A mortgage banker; 721

(i) Any political subdivision, or any governmental or 722
other public entity, corporation, or agency, in or of the United 723
States or any state of the United States; 724

(j) A college or university, or controlled entity of a 725
college or university, as defined in section 1713.05 of the 726
Revised Code; 727

(k) A motor vehicle dealer licensed pursuant to Chapter 728
4517. of the Revised Code acting within the scope and authority 729
of that license or a motor vehicle auction owner licensed 730
pursuant to Chapters 4517. and 4707. of the Revised Code acting 731
within the scope and authority of that license; 732

(l) An attorney at law admitted to the practice of law in 733
this state who offers, provides, or performs a legal service 734
that is privileged by reason of the attorney-client 735
relationship, provided that the service is not a service 736
described in division (C)(1)(b) or (e) of this section. 737

(D) "Extension of credit" means the right to defer payment 738
of debt, or to incur debt and defer its payment, offered or 739
granted primarily for personal, family, or household purposes. 740
"Extension of credit" does not include a mortgage. 741

(E) "Mortgage" means any indebtedness secured by a deed of 742
trust, security deed, or other lien on real property. 743

(F) "Mortgage banker" means any person that makes, 744
services, or buys and sells mortgage loans and is approved by 745
the United States department of housing and urban development, 746
the United States department of veterans affairs, the federal 747
national mortgage association, or the federal home loan mortgage 748
corporation. 749

(G) "Superintendent of financial institutions" includes 750
the deputy superintendent for consumer finance as provided in 751
section 1181.21 of the Revised Code. 752

Section 2. That existing sections 1343.01, 1343.03, 753
1349.01, 2716.02, 2716.03, and 4712.01 of the Revised Code are 754
hereby repealed. 755

Section 3. This act shall be known as the Ohio Medical 756
Debt Fairness Act. 757