

# HAWAII FINANCIAL SERVICES ASSOCIATION

c/o Marvin S.C. Dang, Attorney-at-Law

P.O. Box 4109

Honolulu, Hawaii 96812-4109

Telephone No.: (808) 521-8521

February 11, 2021

Senator Rosalyn H. Baker, Chair  
Senator Stanley Chang, Vice Chair  
and members of the Senate Committee on Commerce & Consumer Protection  
Hawaii State Capitol  
Honolulu, Hawaii 96813

Re: **S.B. 1373 (Wage Garnishment)**  
**Hearing Date/Time: Thursday, February 11, 2021, 9:30 a.m.**

I am Marvin Dang, the attorney for the **Hawaii Financial Services Association** (“HFSA”). The HFSA is a trade association for Hawaii’s consumer credit industry. Its members include Hawaii financial services loan companies (which make mortgage loans and other loans, and which are regulated by the Hawaii Commissioner of Financial Institutions), mortgage lenders, and financial institutions.

The HFSA **opposes** this Bill.

This Bill (a) prohibits a creditor from initiating or continuing any action to garnish wages from a debtor during the period of an emergency proclamation and for 60 days thereafter, and (b) prohibits a creditor from garnishing more than 10% of a debtor's wages for one year thereafter.

## **Hawaii’s wage garnishment law.**

Under Hawaii law, the amount that a creditor can garnish from a debtor’s wages to pay a court-ordered judgment is calculated under Section 652-1(b) of the Hawaii Revised Statutes. That Section incorporates the calculation in HRS Section 652-1(a)(4).

The first step of the calculation is for the debtor’s employer to determine the amount of wages remaining after deducting amounts required by law to be withheld (e.g. deducting FICA, state and federal taxes, medicare). The remaining amount is “disposable earnings”. (See also Hawaii State Court “Garnishment Calculation Worksheet” at the Hawaii Judiciary’s website at <https://www.courts.state.hi.us/docs/form/oahu/1DC27C.pdf> .)

The second step of the calculation is this: from the “disposable earnings”, the debtor’s employer can withhold for the garnishment 5% of the first \$100 per month, 10% of the next \$100 per month, and 20% of all sums in excess of \$200 per month.

## **This Bill is excessively broad.**

This Bill is objectionable because it would impose a “one-size-fits-all” law. Although well-intended, this Bill is excessively broad because it prohibits all wage garnishments (except for child support) in the entire state of Hawaii during the period that the Governor’s proclamation of a state of emergency is in effect (“covered period”) and for an additional 60 days following the termination of the covered period.

Additionally, this Bill is overly broad because it reduces, throughout the entire state of Hawaii, the amount to be garnished to 10% for 1 year after the covered period and after the 60 days following the termination of the covered period. (As noted above, under Hawaii law, a creditor can garnish a maximum of 20% of the “disposable earnings” of the debtor above \$200 per month.)

On the surface, the statewide prohibitions in this Bill might appear temporary because they are only triggered by the Governor's proclamations of emergency. But in actuality, the prohibitions are tantamount to being permanent. That's because every year of the current Governor's administration from 2015 to 2021, there have been emergency proclamations. And many of those proclamations are geographically localized.

Separate from COVID-19 pandemic emergency proclamations in 2020 (including 17 supplemental COVID-19 proclamations) which are still in effect in 2021, the Governor has issued many other non-COVID-19 proclamations from 2015 to 2021. The number of non-COVID-19 emergency proclamations (including supplemental proclamations) are:

2021 – 1 proclamation as of January 27, 2021  
2020 – 9 proclamations  
2019 – 19 proclamations  
2018 – 17 proclamations  
2017 – 1 proclamation  
2016 – 11 proclamations  
2015 – 4 proclamations

These non-COVID-19 emergencies include: drought conditions and Axis deer in Maui County; flooding on Kauai; homelessness in the State; protests on Mauna Kea on Hawaii island; wild fire on Maui; damage on the slopes of Pali Highway on Oahu; the Kilauea volcanic eruption and lava flow on Hawaii island; waste water problem in West Kapolei on Oahu; dengue fever outbreak; and threat of hurricanes and tropical storms. See the Governor's website list of "Emergency Proclamations" at <https://governor.hawaii.gov/emergency-proclamations>.

Hypothetically, if this Bill had been law back in 2015, there would have been a ban on wage garnishments (during the covered period of each of the proclamations plus an additional 60 days) followed by a 1 year mandatory reduction in the percentage of the "disposable earnings" that can be garnished (down from 20% to 10%) in every year from 2015 to 2021.

However, even if this Bill's ban on wage garnishments and the reduction in the garnishment percentage amount were limited to the COVID-19 pandemic emergency, this Bill's approach would still be excessively broad.

As a matter of policy, there should not be a broad-brush ban on garnishments nor a broad-brush reduction in the garnishment percentage amount throughout the entire state of Hawaii every time that the Governor proclaims an emergency. The "one-size-fits-all" approach in this Bill doesn't consider individual debtors and their specific and unique circumstances.

During the various types of emergencies covered by the Governor's proclamations from 2015-2021, including the COVID-19 pandemic, not every debtor in the state of Hawaii was financially impacted in the same way by each one of emergencies. Many of the debtors are in one of the following situations:

- Some debtors were furloughed or unemployed before the emergency or because of the emergency. In this situation, because there wouldn't be any wages to garnish, this Bill is not needed.
- Other debtors were still working during the emergency. They didn't have a hardship. They have the ability or capacity to pay the judgment through a wage garnishment or a voluntary payment. In this situation, this Bill is not needed.
- Some debtors were employed during the emergency but had a financial hardship before or because of one of the emergencies. In this situation, this Bill is not needed. That's because when an employed debtor has a financial hardship, and if that debtor is subject to a wage garnishment, their creditor (e.g. a financial institution, receivables management company, etc.) will endeavor to work with the debtor to mutually resolve the situation. In appropriate situations, when that debtor requests relief from the garnishment and provides financial

information in support of the request, the creditor or their attorney can place the garnishment “on hold” for a period of time or can temporarily accept less than the full dollar amount that Hawaii law allows to be garnished from “disposable earnings”. This reasonable approach should continue to be encouraged. It would be discouraged by this overly-broad Bill.

**This Bill could harm consumers.**

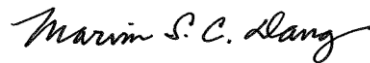
An unintended consequence of this Bill is that consumers and other borrowers could be negatively impacted. That’s because if this Bill passes, lenders and other creditors might need to tighten their underwriting standards for loans or other credit to ensure that the lenders and creditors get repaid the monies that are loaned or advanced. Access to credit could be reduced.

A 2017 research study of the Federal Reserve Bank of New York examined the states that had adopted increased restrictions on the collection of debt; it also examined the states that had not adopted additional restrictions. “*Access to Credit and Financial Health: Evaluating the Impact of Debt Collection*”, Federal Reserve Bank of New York, Staff Report 814 (May 2017). The results of the study indicated that “restricting collection activities leads to a decrease in access to credit and to a deterioration in indicators of financial health. . . . The decrease in access to credit is stronger for borrowers with low credit scores, but is felt across the credit spectrum.”

\* \* \*

**For the reasons stated above, we respectfully ask that your Committee “defer” this Bill and not pass it.**

Thank you for considering our testimony.



MARVIN S.C. DANG  
Attorney for Hawaii Financial Services Association



Testimony to the Senate Committee on Commerce and Consumer Protection  
February 11, 2021, 9:30 am  
Hawaii State Capitol, Via Videoconference

Testimony in Opposition to SB 1373, Relating to Wage Garnishment

To: The Honorable Rosalyn Baker, Chair  
The Honorable Stanley Chang, Vice-Chair  
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 51 Hawaii credit unions, representing over 800,000 credit union members across the state. We offer the following comments in opposition to SB 1373, Relating to Wage Garnishment.

The majority of Hawaii's credit unions currently offer mortgages and other forms of credit to their members. Credit unions are not-for-profit organizations whose members ultimately bear any losses. Occasionally, members default in payment of their obligations, and a credit union may have to take legal action to collect the debt. If the credit union cannot collect the debt, its members suffer the loss. Thus, we oppose SB 1373, which would prevent a lender from collecting on the debt via wage garnishment during a period of emergency proclamation.

While we understand that the intent of this bill is to help people who are currently in economic crisis because of the pandemic situation, we would emphasize that credit unions have a long history of working with their members to ensure that they are able to manage their finances even during difficult times.

Thank you for the opportunity to provide comments.

# HAWAII DEBT SOLUTIONS

Pauahi Tower  
1003 Bishop Street, Suite 2700  
Honolulu, Hawaii 96813  
808.468.7000  
www.hawaiidebtsolutions.com

Mailing Address:  
POB 3530  
Honolulu, Hawaii 96811

February 9, 2021

Aloha Senators,

I am testifying in support of SB1373.

I have been a bankruptcy lawyer for over 25 years. It is my daily practice to talk with people about their debt problems. Yet the people have been speaking with over the last six months present a situation more dire than anything I have ever witnessed.

As you are aware, many households in Hawaii, particularly those of the economically vulnerable, often depend on several incomes to keep it afloat. Unfortunately, due to the economic devastation created by the COVID virus, many of these households have fewer incomes upon which they can rely.

The current law allows creditors to garnish approximately 25% of a person's net wages. The loss of 25% of net wages to one of the remaining incomes to these households no longer means just the loss of cable and eating out – it means the loss of a place to live.

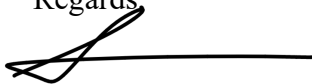
This bill, which will reduce the garnishment limit from 25% to 10%, is designed to last only as long as is necessary and has a very strict sunset clause. Further, it does not reduce the garnishment level for the most important garnishment of all – child support.

The Bill is reasonable, extremely helpful, and humane. I urge you to vote in favor of it.

I have provided my personal contact information below if anyone would like to speak with me.

Thank you for your time.

Regards,



Martin Berger  
Attorney at Law  
808.938.5951  
martyaberger@gmail.com



## Collection Law Section

**Chair:**

Steven Guttman

**Vice Chair:**

William J. Plum

**Secretary:**

Thomas J. Wong

**Treasurer:**

Arlette S. Harada

**Directors:**

Ann Correa

Marvin S.C. Dang

Karyn A. Doi

Christopher Shea Goodwin

Steven Guttman

Arlette S. Harada

James Hochberg

Francis P. Hogan

Steven Idemoto

William J. Plum

Charles Prather

Yuriko J. Sugimura

Thomas J. Wong

Reginald K.T. Yee

*Reply to:* **STEVEN GUTTMAN, CHAIR**

220 South King Street Suite 1900

Honolulu, Hawaii 96813

Telephone: (808) 536-1900

Fax: (808) 529-7177

E-Mail: [sguttman@kdubm.com](mailto:sguttman@kdubm.com)

Re: S.B. 1373 (Relating To Wage Garnishment)

Hearing Date/Time: February 11, 2021 9:30 a.m.

This testimony is submitted on behalf of the Collection Law Section ("CLS") of the Hawaii State Bar Association. The CLS is a division of the Hawaii State Bar Association and is comprised of attorneys who handle, among other things, collection of consumer debt.

The CLS **opposes** this Bill.

If passed, S.B. 1373 would prohibit garnishment of wages during any period that a state of emergency declared by the Governor remains in effect and for 60 days following the emergency declaration period.

The bill as drafted is overbroad in seeking to impose a one size fits all approach. While a state of emergency may prevent some individuals from working during an emergency, many individuals are able to continue employment during states of emergency. Sometimes, emergency proclamations apply only to a limited portion of the State, say for example emergencies declared due to storm conditions in certain counties, or disruption caused by volcanic eruption. Because of the breadth of the prohibition language in S.B. 1373 it would appear to limit garnishment of wages even if the debtor does not reside or work in the area affected by the declared state of emergency.

Even without a ban on garnishments during declared emergencies, creditors already have an incentive to work with debtors who come up with a reasonable repayment plan. Otherwise, debtors may file for and obtain a discharge in bankruptcy resulting in little or no recovery for the creditor. By imposing a blanket prohibition on garnishment, in the absence of an agreement between the debtor and creditor, the bill provides an unfair negotiating edge to the debtor. In practice, creditors often grant temporary reprieves on garnishments where a debtor is able to verify temporary hardship. SB 1373 goes too far in that it would prohibit garnishment even if the debtor's earnings have not been impacted by the State of emergency, and without any requirement imposed on the debtor to confirm earnings loss to qualify for relief.

**Accordingly, we ask that your Committee "hold" this Bill and not pass it.**

Thank you for considering our testimony.



ANN CORREA, ESQ.  
Attorney for Collection  
Law Section

*The comments and recommendations submitted reflect the position/viewpoint of the Collection Law Section of the Hawaii State Bar Association only. The position/viewpoint has not been reviewed or approved by the HSBA Board of Directors.*



February 10, 2021

The Honorable Senator Rosalyn H. Baker, Chair  
The Honorable Senator Stanley Chang, Vice Chair

Senate Committee on Commerce and Consumer Protection  
Hawaii State Capitol  
415 S Beretania St.  
Honolulu, HI 96813

RE: Senate Bill 1373 (San Buenaventura)—OPPOSE

Dear Chair Baker, Vice Chair Chang and Members of the Committee,

Encore Capital Group and its wholly owned subsidiaries (collectively, “Encore”) submit this letter in **opposition** to Senate Bill 1373. While well-intended, this legislation would render courts’ valid judgments virtually meaningless, and would have a severely negative impact on the availability of affordable credit to Hawaiian consumers. Simply put, the bill’s drastic overhaul of creditors’ ability to collect on court judgments would have many negative unintended consequences for the Hawaiian consumers we serve.

By way of background, Encore is a leading provider of debt recovery solutions for consumers, with more than 60 years of experience helping consumers toward a better life. Through its subsidiaries, our company purchases portfolios of credit card receivables from major banks and partners with individuals as they repay their obligations and work toward financial recovery. We take a consumer-centric approach to helping consumers resolve their obligations. We voluntarily cease or suspend collections where consumers demonstrate a hardship.<sup>1</sup> Additionally, last year we forgave almost \$1 million in debt to consumers in Hawaii.

Still, even with our consumer-centric approach, we sometimes have to utilize litigation as a last resort. A key priority for us is to try to communicate with our consumers to resolve their debt obligations, and we typically offer flexible payment plans and deep discounts on the account balances of our consumers. In addition, we charge no fees or pre-judgment interest on the debt we purchase. Still, for a small segment of consumers who we believe have the ability, but not the willingness, to repay their obligations, litigation is a path we sometimes take, often after multiple attempts to work with the consumer outside of the legal process. A typical path to wage garnishment for one of our accounts would show we have attempted to work with the consumer or notify them of their options 17 times prior to a wage garnishment.

When we do proceed to the last resort of litigation and a court awards a judgment for a valid debt obligation, we believe that a judgment should be enforced, and the debt obligation should be repaid. When we obtain a judgment issued by a Hawaii court of law, wage garnishment is the primary way we are able to collect on the judgment. If the garnishment law has no teeth, courts’ judgments will be rendered meaningless.

### **Garnishment Is a Valid Method to Collect on Court-Ordered Judgments**

Garnishment is a well-established, court-supervised, formal procedure that allows us and other judgment

---

<sup>1</sup> Encore’s Consumer Bill of Rights can be found at <https://www.midlandcredit.com/who-is-mcm/our-pledge/>





creditors to seek repayment by collecting a small fraction of a non-paying judgment debtors' wages. Obtaining a garnishment order requires creditors such as retailers, banks and credit unions, financial services companies, professional service firms, and a variety of small businesses to go through a lengthy, costly and rigorous legal process. Hawaiian law already provides robust protections for consumers from wage garnishment. According to Chapter 652 of the General Statutes, this exemption protects 95% of the first \$100 in disposable earnings, 90% of the next \$100 in disposable earnings, and 80% of all disposable earnings in excess of \$200 per month.<sup>2</sup> This automatically applied protection by the consumer's employer works well, and it justly ensures that consumers have income remaining for their living necessities.

### **By Drastically Prohibiting Garnishments, SB 1373 Would Render Courts' Valid Judgments Virtually Meaningless**

As introduced, SB 1373 prohibits a creditor from initiating or continuing any action to garnish wages from a debtor during the period of an emergency proclamation and 60 days after its commencement. After this period, the creditor could not garnish more than 10% of the person's wages for time period of one year.

While Encore believes that protections should be provided for consumer who are in financially difficult situations or are undergoing hardships, we cannot support the proposal's blanket, no-questions-asked ban of wage garnishment for *all consumers*. It makes sense to consider individual life circumstances when determining who needs financial protection and who does not. For example, a single mother who is working a minimum wage job during the pandemic and is supporting several children may need additional exemptions from repayment of judgments. In contrast, a married wage-earner from a dual-income household, raising no dependents, who can continue working remotely during the pandemic should not be completely exempt from repayment of judgments. Applying the same automatic garnishment exemption to all wage-earners does a disservice to consumers by reducing creditors' ability to recoup delinquent debt, and ultimately reducing the affordable credit that creditors will be willing to extend.

The changes to the law proposed in SB 1373 combined with the existing protections for consumers in the state, would mean that the courts' valid judgments would be unenforceable for the vast majority of consumers who have incurred a debt obligation but are unwilling to pay it back.

### **The Availability of Credit for All Hawaiian Consumers Would Decline**

This inequity doesn't just impact creditors and the consumers who failed to repay their valid debt obligations. The inequity will harm a far greater segment of society -- Hawaiian consumers who seek credit to get a mortgage, car loan, or credit card, the majority of which *do* repay their valid debt obligations. Simply put, the availability of credit at reasonable prices will go down. Numerous research studies in recent years have shown just this -- that placing more restrictions on the collection of validly owed debt causes the availability of credit to decrease.<sup>3</sup> As Professor Todd Zywicki of the Mercatus Center at George Mason University found in his comprehensive research, greater restraints on creditors' remedies will reduce the supply of lending and raise

---

<sup>2</sup> See Hawaii Revised Statutes TITLE 36, Chapter 652 located at [https://www.capitol.hawaii.gov/hrscurrent/Vol13\\_Ch0601-0676/HRS0652/HRS\\_0652-0001.htm](https://www.capitol.hawaii.gov/hrscurrent/Vol13_Ch0601-0676/HRS0652/HRS_0652-0001.htm)

<sup>3</sup> *Debt Collection Agencies and the Supply of Consumer Credit*, Philadelphia Federal Reserve Working Paper 15-23 (June 2015). See also Fonseca, Julia, *Access to Credit and Financial Health: Evaluating the Impact of Debt Collection* (Staff Report No. 814). Federal Reserve Bank of New York, May 2017.



prices, at the expense of other consumers who may end up paying more or obtaining less access to credit.<sup>4</sup> Another recent study noted that cumbersome regulation has “restricted the availability of financial products and credit, particularly for low-income borrowers, young people, and minorities.”<sup>5</sup> Finally, a recent study from the Harvard Kennedy School of Government noted that a 250% surge in credit card related restrictions by regulators since 2007 has contributed to a 50% drop in annual credit card originations to lower-risk-score Americans.<sup>6</sup>

It is critical to maintain a reasonable level of wage garnishment so that Hawaii continues to be a state where creditors who have extended money and have not been repaid are able to recoup the outstanding debt owed to them. Without the ability to recoup valid debt obligations, creditors will have little incentive to lend money to Hawaiian consumers in the first place. We ask you to consider these unintended consequences and urge the Committee to issue an unfavorable report on SB 1373.

\*\*\*

Thank you for your attention to this important matter. Please feel free to contact me at [Sonia.Gibson@encorecapital.com](mailto:Sonia.Gibson@encorecapital.com) for any further information.

Sincerely,

Sonia Gibson  
National Government Affairs

---

<sup>4</sup> Todd J. Zywicki, *The Law and Economics of Consumer Debt Collection and its Regulation*. Mercatus Center at George Mason University (September 2015).

<sup>5</sup> *Dodd-Frank At 5: Higher Costs, Uncertain Benefits*, American Action Forum (July 2015).

<sup>6</sup> Marshall Lux and Robert Green, *Out of Reach: Regressive Trends in Credit Card Access*, Harvard Kennedy School of Government (April 2016).



TEL:  
808-524-5161  
FAX:  
808-521-4120  
ADDRESS:  
1000 Bishop Street, Suite 301B  
Honolulu, HI 96813-4203

Presentation To The  
Committee on Commerce and Consumer Protection  
February 11, 2021 at 9:30 AM  
State Capitol Conference Room 229

**Testimony in Opposition to Senate Bill 1373**

TO: The Honorable Rosalyn H. Baker, Chair, Committee on Commerce and Consumer Protection  
The Honorable Stanley Chang, Vice Chair, Committee on Commerce and Consumer Protection  
Members of the Committee

My name is Neal K. Okabayashi, the Executive Director of the Hawaii Bankers Association (HBA). HBA represents Hawaii banks and those from the continent with branches in Hawai'i.

HBA opposes SB 1373 because it acts as an automatic stay of a garnishment proceeding and sanctions even though the emergency proclamation may not be as widely disseminated as the Covid-19 emergency proclamations.

In some cases, there may be a proclamation ending the emergency but in other cases, it may expire by expiration, thus requiring the attorney and the court to constantly check for a termination/expiration of the proclamation. A garnishment order is a court order, but it is processed by clerk of the court who may not know of the emergency proclamation nor might an attorney on vacation or in a hospital.

HBA also objects to the provision that for one year after the end of the proclamation plus sixty days, the garnishment cannot exceed 10% of the debtor's wages regardless of whether the wage received is the minimum wage or \$100,000 a month. The effect of this provision may create a windfall because an emergency proclamation may be issued in anticipation of a hurricane which never materializes but because of it, any garnishment is stayed for 60 days, and thereafter, for one year, the garnishment is limited in amount.

Taking legal action is a last resort for a bank to be made whole on a debt it made, in good faith, but banks prefer to receive payment without legal action, usually through negotiation.

Thank you for the opportunity to submit this testimony opposing SB 1373 and please let us know if we can provide further information.

Neal K. Okabayashi  
(808) 524-5161



## Memorandum in Opposition SB 1373

The Receivables Management Association International (RMAI) respectfully opposes SB 1373 as it is currently drafted. RMAI has been a strong supporter of additional statutory and regulatory protections for consumers who have been financially impacted by the COVID-19 pandemic in other states and would like to support the same in Hawaii. However, this bill is far broader in scope than COVID-19 protections as it applies prohibitions on wage garnishment for any declared state of emergency regardless if the emergency has negatively impacted the consumer.

Governors in all 50 states have fairly broad powers to declare a state of emergency for all types of emergencies (i.e. hurricanes, flooding, wind storms, wild fires, power outages, etc.). Often a governor will declare the emergency after the event in question has ended to allow the state and individuals impacted to access federal funds. Governors have also been known to declare an emergency for the entire state, even if the emergency was limited to a specific county or region within the state.

As drafted, SB 1373 would allow consumers who have had absolutely no financial impact to benefit from a Governor's declaration, even if the declaration was for a relatively minor event with limited or even no financial implications for consumers or for other regions of the state. For example, a state of emergency might be declared for an event on the Island of Hawaii which has no impact on the other islands.

RMAI would be proud to support SB 1373 if it was amended to be limited in scope to the COVID-19 pandemic and for those individuals who have been financially impacted as a result of the pandemic. For additional information or questions, please contact RMAI's General Counsel David Reid at (916) 482-2462 or [dreid@rmaintl.org](mailto:dreid@rmaintl.org).

### **ABOUT RMAI**

RMAI is a national nonprofit trade association representing over 570 businesses that purchase or support the purchase, sale, and collection of performing and nonperforming receivables on the secondary market. Our membership includes banks, nonbank lenders, debt buying companies, collection agencies, and collection law firms. The Receivables Management Certification Program sets the global standard within the receivables industry due to its rigorous uniform industry standards of best practice which focuses on the protection of the consumer. RMAI is headquartered in Sacramento, California.



## Memorandum in Opposition

February 10, 2021

### State of Hawaii Senate Bill 1373

The Honorable Senator Rosalyn H. Baker, Chair  
The Honorable Senator Stanley Chang, Vice Chair  
Senate Committee on Commerce and Consumer Protection  
Hawaii State Capitol  
415 S Beretania St.  
Honolulu, HI 96813

Dear Senator Baker and Senator Chang:

On behalf of PRA Group, Inc. and its wholly-owned subsidiaries (collectively, "PRA"), I am writing in **opposition** to Senate Bill 1373 ("SB 1373"). This bill, as currently drafted, will have unintended consequences on all consumers in the state of Hawaii and would make it extremely difficult for a creditor to collect on valid, court-ordered judgments.

PRA is a publicly-traded company that, through its subsidiaries, purchases portfolios of consumer receivables from major banks, and then partners with individuals as they repay their obligations, working toward financial recovery. We are a leader in the nonperforming loan industry and take our leadership obligations within our industry seriously. We work with consumers to resolve their obligations and typically offer a discount on the face value of the debt. In addition, we typically charge no interest or fees on debt we purchase domestically. PRA is also a willing participant to any action that combats predatory debt collection practices and those actions in harming both consumers and legitimate businesses.

Respectfully, PRA opposes SB 1373 as it will be harmful to both consumers and businesses. Wage garnishment moratoriums can increase the total amount of a debt that the consumer will re-pay through the garnishment process. While PRA does not accrue pre- or post-judgment interest courts may award interest nonetheless, in those cases, not only does the judgment amount accrue interest during the wage garnishment period, but court fees and state marshal fees are all assessed to the judgment debtor.



The unintended consequences of SB 1373 will be to disincentivize lenders from doing business in Hawaii therefore causing the availability of credit at reasonable prices to go down. Ultimately, the impact of such proposed changes to the garnishment law will be felt by Hawaii consumers seeking credit for mortgages, car loans or credit cards at reasonable prices.

PRA appreciates the effort to seek reform of the Hawaii wage garnishment law, particularly around the cessation of involuntary garnishment efforts during COVID-19. However, we have serious concerns about the language preventing debt collectors from proceeding with all garnishments during any emergency period, and for 60 days thereafter, in addition to an increased garnishment exemption amount for a period of one-year post-emergency period.

If the bill's goal is to help consumers during the current COVID-19 pandemic, the following changes are respectfully suggested:

- Instead of tying the bill to a declared state of emergency, the bill should be limited in scope to the COVID-19 pandemic;
- Amend the bill to cover only consumers who have been impacted by the COVID-19 pandemic, either due to sickness or financial hardship; and
- Create a specified period of time for which the language of the bill is in effect, and not tied to a state of emergency that may have extreme, indefinite duration.

PRA stands ready to work with the sponsor on reasonable amendments to this bill that will enhance consumer protections without the unintended harm to consumers and avoid unnecessary burdens that would be placed on the business community.

Thank you very much for your attention in this important matter. Please feel free to contact me directly for any further information.

Best regards,

Elizabeth A. Kersey  
Vice President, Communications and Public Policy



PRA Group  
150 Corporate Boulevard  
Norfolk, VA 23502  
[Elizabeth.Kersey@PRAGroup.com](mailto:Elizabeth.Kersey@PRAGroup.com)  
(757) 961-3525 (office)  
(757) 641-0558 (mobile)

**LATE**

**SB-1373**

Submitted on: 2/10/2021 10:52:02 AM  
Testimony for CPN on 2/11/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kevin Shiinoki	Testifying for Hawaiian Collectors Association	Oppose	No

Comments:

Dear Chair Senator Baker, Vice Chair Senator Chang, and Committee Members:

This testimony is submitted on behalf of the Hawaiian Collectors Association and its Member companies.

We are **opposed** to SB 1373. Our association and its members represent individual businesses in our community. Collection agencies do not create debt. Collection agencies are trying to support individuals and hundreds of small business owners to collect what they have already earned. By passing this bill, you will make it more difficult for our local businesses to recover their earnings.

Second, garnishments only occur when someone is employed and earning their wages or salary. If someone is out of work, wage garnishments cannot happen. If people are working and earning their salary, garnishments should occur because the judgment was decided by the courts. If an individual is not affected by a proclamation, why would the garnishments need to stop?

Third, the penalty described in the bill is very problematic. If all wage garnishments would need to stop when there is an emergency proclamation, this would put pressure on collection agencies, attorneys, and businesses to contact all the employers for all the judgments and make sure they stop the garnishments. This is not practical simply because the people receiving the garnishment would be at the mercy of the debtor's employers and whether they have time to stop the garnishment. We have had many garnishment checks that we have returned because employers make errors and do not stop the garnishment. Under this bill, a judgment holder would be responsible for an employer's error.

Thank you for your consideration.

Kevin Shiinoki

President



Hawaiian Collectors Association

**LATE**

**SB-1373**

Submitted on: 2/11/2021 10:41:34 AM  
Testimony for CPN on 2/11/2021 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Tanya Aynessazian	Individual	Support	No

Comments:

Aloha,

My name is Tanya Aynessazian and I am from Pahoia on the Big Island. I write today in support for SB 1373 relating to garnished wages.

During this time, it is critically important to assist those in financial trouble- especially those who have been hit the hardest during this pandemic and economic lockdown. I support SB 1373 because wage garnishment at this time puts workers at even more risk of falling behind on their primary needs. The coronavirus pandemic and economic lockdown has put many people in difficult financial situations. As tens of thousands of people lost income, they're forced to decide between paying for essentials and meeting their debt commitments.

Ten states and the District of Columbia have suspended wage garnishment or blocked new wage garnishments since Covid-19 was declared a national emergency. Four states don't even allow garnishments on wages for consumer debt. Many creditors pursuing garnished wages in states that allow it have received

Hawaii must follow suit with a limitation on the percent of debtor's wages - as in this bill for 10% - to ensure that debtors can work with their creditors and not fall even more behind. Garnishing more than 10% of wages puts workers at even more risk not only financially, but also from a mental and physical health perspective. People WANT to recover and to get back to paying their bills off, and SB 1373 is a small step in the right direction to help those affected who have been able to go back to work.

Mahalo for the opportunity to submit testimony on this important bill.

Tanya Aynessazian

Pahoia, HI

