

A PROPOSED RESOLUTION

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To declare the existence of an emergency with respect to the need to amend DC Code Section 28-3814 to protect consumers from unfair debt collection practices after the expiration of the public health emergency.

RESOLVED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the "Protecting Consumers from Unjust Debt Collection Practices Emergency Declaration Resolution of 2021".

Sec. 2. (a) On March 11, 2020, the Mayor of the District of Columbia issued Mayor's Order 2020-45, 2020-46, declaring a public emergency and a public health emergency in the District due to the imminent threat to the health, safety, and welfare of District residents posed by the spread of COVID-19. Additionally, Council has enacted many resident protections through legislation such as the Coronavirus Support Temporary Amendment Act of 2020 (D.C. Law 23-130).

(b) Under D.C. Law 23-130, creditors and debt collectors cannot file new collection lawsuits, garnish, seize or withhold property or wages, repossess vehicles, visit consumer households or places of employment, or initiate communications with a debtor via any written or electronic communication with limited exceptions. With the pending expiration of the public

35 health emergency, these protections will lapse even as the effects of the pandemic continue to
36 impact residents:

37 (1) According to the Census Bureau’s Household Pulse Survey, over 25% of
38 households report using credit cards or loans to meet their routine spending needs in the last
39 seven days.

40 (2) According to data from the New York Federal Reserve Bank Consumer Credit
41 Panel/Equifax, auto loan delinquency in the District was at 10.35% as of the last quarter of 2020,
42 the higher than any point during the Great Recession.

43 (3) Medical debt has exploded due to the pandemic. Nationally, Credit Karma
44 estimates that consumers carried an additional \$2.2 billion in overdue medical debt from January
45 2020 to March 2021, reaching \$47 billion in total. A survey by Lending Tree found that nearly
46 10% of medical debt was for coronavirus-related hospital stays.

47 (c) Given the lingering impacts of the pandemic and the adverse impact that “normal”
48 debt collection practices can have on residents, it is necessary to amend DC Code Section 28-
49 3814 to provide consumers greater protections against certain methods and practices of debt
50 collectors. These include:

51 (1) Expanding the definition of debt so it includes all consumer debt, including
52 medical debt;

53 (2) Prohibiting excessive communications from debt collectors that constitute
54 harassment, such as making more than three phone calls in a 7-day period;

55 (3) Prohibiting the use of deceptive behaviors by debt collectors, such as
56 threatening action the debt collector cannot take, disclosing disputed information without
57 disclosing that it is disputed, threatening to disclose false information, initiating causes of action

58 where the statute of limitations has expired, seeking to collect funds exempted by state or federal
59 law, or seeking to collect debts owed by deceased consumers from those with no legal obligation
60 to pay them;

61 (4) Placing a reasonable cap on attorney's fees paid by individual consumers so
62 debt collection lawsuits do not drive consumers further into debt;

63 (5) Requiring debt collector plaintiffs to perform reasonable investigations to
64 verify a defendant's address for service of process, so consumers are more likely to receive said
65 service;

66 (6) Providing procedural protections against arrest and imprisonment, including a
67 prohibition against imprisoning, or jailing of debtors for failure to pay debts or failure to appear;
68 and

69 (7) Requiring separate and additional procedures for debt buyers, including
70 dismissal of the action if the debt buyer does not comply with law, and authorizing a private
71 cause of action by consumers against debt buyers for violations.

72 Sec. 3. The Council of the District of Columbia determines that the circumstances
73 in section 2 constitute emergency circumstances, making it necessary that the Coronavirus
74 Support Congressional Review Emergency Amendment Act of 2021 be adopted after a single
75 reading.

76 Sec. 4. This resolution shall take effect immediately.