



Homestead Exemption and Consumer Debt Protection (SB22-086)

Testimony to the Senate Finance Committee

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Thank you for the opportunity to provide testimony in support of [SB22-086](#). My name is Andrea Kuwik, and I'm a senior policy analyst with the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan.

The Bell strongly supports SB22-086 because of its ability to strengthen the financial well-being of economically vulnerable individuals and families throughout our state. Despite our continued economic recovery from COVID-19, we know too many Coloradans continue to struggle. For example:

- According to the [Urban Institute](#), nearly one-quarter of all Coloradans have some type of debt in collections, a number which grows to almost 40 percent when considering those from communities of color.
- As of the middle of last year, Colorado had the 4th highest rate of [credit card debt](#) in the country.
- Nationally, the number of adults [unable to afford a \\$400 unexpected expense](#) continues to rise, growing to 64 percent in 2020, up from 54 percent in 2015.
- In the most recent [Census Household Pulse Survey](#), over one-quarter of reporting Coloradans said they had at least some difficulty paying for usual household expenses over the past week.
- Additionally, as [reported by CPR](#), since August when the eviction moratorium ended, evictions have been on the rise, with requests for emergency assistance increasing by [33 percent in November](#).

These indicators of economic vulnerability speak to the financial challenges which continue to plague our state. Concerningly, current law often exacerbates these existing problems by allowing the garnishment of nearly all of a person's assets when they are involved in debt collection proceedings. For example:

- Only \$75,000 of an individual's home is protected, despite a statewide median home price of [over \\$500,000 in 2021](#).
- Only temporary protections allowed individuals to keep up to \$4,000 in their bank account. When in place, this allowed single individuals in Denver to meet a basic self-sufficiency standard for [nearly two-months](#).
- Only \$7,500 of a car is currently exempt from garnishment, despite the fact that the average cost of a used car in November, 2021 was [approximately \\$29,000](#).

Our current debt collection laws are not strong enough. Without a car, shelter, or money to pay for very basic expenses, individuals in economic crisis are further challenged in their ability to pay off and escape debt. In fact, Colorado's debt protection limitations are so poor the [National Consumer Law Center](#) gave our state's protections for family finances a 'D' rating.

COVID-19 has demonstrated that financial vulnerability is all too common for many Coloradans, and that one unexpected expense can cause significant harm for individuals and families. We've also seen, through temporary measures put in place during the pandemic, how stronger debt collection protections can make a meaningful difference in the lives of Coloradans. By passing SB22-086 we have an opportunity to act on these lessons and improve the protections which can benefit our friends and neighbors.

Thank you again for the opportunity to testify, and thank you to Senator Winter for bringing forward this important bill. We encourage your support, and please reach out if you have any questions or would like additional information.