



OHIO LEGISLATIVE SERVICE COMMISSION

Shannon Pleiman

Fiscal Note & Local Impact Statement

Bill: H.B. 182 of the 132nd G.A.
(L_132_0500-3)

Status: In House Financial Institutions, Housing, and Urban
Development

Sponsor: Rep. Seitz

Local Impact Statement Procedure Required: No

Subject: Modifies the Debt Adjusting Law by expanding the definition of debt adjusting and makes other changes

The bill modifies the Debt Adjusting Law by expanding the definition of debt adjusting. Expanding the definition of debt adjusting may minimally increase the number of debt adjusters conducting business in Ohio. Under requirements of current law, debt adjusters must undergo an annual audit and submit the results and auditor's opinion to the Consumer Protection Section in the Office of the Attorney General. Six debt adjuster companies submitted audits to the Attorney General's Office in 2016. Under the expanded definition in the bill, there may be some small number of additional debt adjusters in Ohio. Any minimal additional cost that the Attorney General might incur as a result of the increase in the number of debt adjusters submitting annual audits would be paid from the Consumer Protection Enforcement Fund (Fund 6310).

Currently, debt adjusting means doing business in debt adjusting, budget counseling, debt management, debt pooling service, or holding oneself out as providing services to debtors. Specifically, this involves: (1) effecting the adjustment, compromise, or discharge of any indebtedness of the debtor, or (2) receiving from the debtor and disbursing any money or other thing of value to the debtor's creditors. The bill adds that debt adjusting can also mean providing services to debtors in the reduction or elimination of the amount or repayment terms of their debt. The bill also adds that debt adjusting services include obtaining an adjustment of an interest rate on a debt, a waiver or reduction of fees or charges, or a discharge of debt by reducing the principal balance of the debt.

Synopsis of Fiscal Effect Changes

The bill's fiscal effects remain largely unchanged under the substitute bill. The substitute bill clarifies that "debt adjusting" does not encompass any of the activities of a debt collector as defined in the federal Fair Debt Collection Practices Act. The substitute bill also requires that a debt adjuster disclose to the debtor each creditor that it believes will not negotiate settlements directly with the debt adjuster. The substitute then specifies that anyone who recklessly violates this requirement is guilty of a third degree

misdemeanor for a first offense and second degree misdemeanor for any subsequent offense. It may be that this provision generates some small amount of additional court caseload.

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