



OHIO LEGISLATIVE SERVICE COMMISSION

Bill Analysis

Nick Thomas

S.B. 120

132nd General Assembly
(As Introduced)

Sens. Eklund, Terhar

BILL SUMMARY

- Expands the definition of "debt adjusting" for purposes of regulating the business of altering an individual or entity's debt.
 - Addresses the conflicts that exist between the current Debt Adjusting Law and the federal laws and regulations on debt adjusting.
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CONTENT AND OPERATION

The bill modifies the Debt Adjusting Law by expanding the definition of "debt adjusting" and by addressing the conflicts that exist between that Law and the federal laws on debt adjusting.

Definition of "debt adjusting"

Currently, the term means doing business in debt adjusting, budget counseling, debt management, or debt pooling service, or holding oneself out as providing services to debtors in the management of their debts, to do either of the following:

- (1) Effect the adjustment, compromise, or discharge of any indebtedness of the debtor;
- (2) Receive from the debtor and disburse to the debtor's creditors any money or other thing of value.

Under the bill, "debt adjusting" also means providing services to debtors in the reduction or elimination of the amount or repayment terms of their debts. And with respect to (1), above, the bill adds that the purpose behind those services is to obtain an

adjustment of an interest rate on a debt, a waiver or reduction of fees or charges, or a discharge of a debt by reducing the principal balance of the debt.¹

Conflict with federal law

The bill states that any person engaged in debt adjusting and operating in compliance with federal laws or regulations, such as the rules implementing the federal Telemarketing and Consumer Fraud and Abuse Prevention Act,² is **not** subject to:

--The provision of the Debt Adjuster Law that limits the fees debt adjusters may charge debtors;³ or

--Any requirement of that Law that conflicts with those federal laws or regulations.⁴

Unauthorized practice of law

Lastly, the bill states that it is not to be construed as permitting the unauthorized practice of law by anyone engage in debt adjusting.⁵

HISTORY

ACTION	DATE
Introduced	03-28-17

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¹ R.C. 4710.01(B).

² 16 C.F.R. part 310.

³ R.C. 4710.02(B), not in the bill.

⁴ R.C. 4710.05.

⁵ Section 3.

