Texas Appleseed

OPPOSE HB 5009:

HB 5009 would allow aggressive debt collectors to seize the wages of Texans

Hidden in this bill is an unconstitutional grab for Texans' wages

A change in HB 5009 would **fundamentally transform existing wage protections** for Texans and do so RETROACTIVELY, likely violating the Texas Constitution.

Hidden in a bill that appears focused on court process are changes to Sec. 31.002(f), Civil Practices and Remedies Code. The deceptively small changes would take away long-standing wage protections. Current law protects wages—not just with the employer, but after they are received by the employee—from one of the most aggressive debt collection tools, a turnover receiver. **HB 5009 effectively overturns that important law:**

- Adding language that limits the protections in (f) only to tangible property (not cash), AND
- Through Section 3 of the bill, making the changes retroactive, erasing current rights and potentially violating Article 1, Sec. 16 of the Texas Constitution.

"[L]ike a bounty hunter working for the creditor"

Turnover receivers have been described as a "bounty hunter working for the creditor,"[1] generally charging a 25% premium on top of the amount of a debt judgment and using vast powers from the court to freeze and seize money in bank accounts. These "bounty hunters" were historically used to collect hard to reach business debts, but in recent years have turned to freezing and seizing the accounts of Texans living paycheck to paycheck.

This aggressive action creates a renewed financial crisis. Imagine losing access to ALL of your paycheck because a bank account is frozen. For many people, it means likely eviction and default on other debts.

Impacts on Texans from Aggressive Debt Collection by Turnover Receivers:

A North Texas single mother was coerced into making payments to a turnover receiver from child support funds, which are exempt under Texas law, to regain access to her bank account to pay her electricity bill, so her kids wouldn't swelter in the 100 degree plus weather.

An impoverished grandmother in East Texas, supporting three grandchildren, lost access to all the money in her accounts--$300. Luckily, she had already paid rent before that happened. Otherwise, she and her grandkids could have been homeless.

A victim of ID theft in El Paso lost all the money in his bank account from a judgment that wasn't his debt.

A student in San Antonio had all of her financial aid seized from her bank account for a debt that belonged to her father. It took hiring a lawyer and months of time to get the wrongfully seized money back.

People should pay their legitimate debts, but an old debt, often sold for pennies on the dollar, should not create new poverty. Please Oppose HB 5009. It goes against Texas values of ensuring people who owe debts aren't rendered homeless or destitute.

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[1] Eric Dexheimer, "The economy is booming. So why are credit card debt cases clogging Texas courts?," *The Houston Chronicle* (July 24, 2019).