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ALLIANCE**



**Shriver
Center on
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Law**



Chicago
Urban League

**WOODSTOCK
INSTITUTE**
*Advancing Economic Security
and Community Prosperity*

June 25, 2021

The Honorable J.B. Pritzker
Office of the Governor

Re: HB 862, Debt Collections 7-Year Statute of Limitations

Dear Governor Pritzker:

The undersigned organizations write to urge you to sign House Bill 862 into law. HB 862 will achieve modest but necessary progress on debt collections reform by limiting municipalities' ability to attack decades-old debt. The bill sets a 7-year statute of limitations on using court orders and lawsuits to collect on unpaid debt, and it received bipartisan support in the House and in the Senate.

For more than a decade, the Illinois Asset Building Group (IABG), a project of Heartland Alliance, has advocated for policies and best practices that will help address the growing racial wealth divide. From our experience and the experiences of our partners, we know that municipal fines and fees from traffic violations, the court system, and utilities can rack up quickly, pushing people experiencing poverty further into debt. It is no secret that municipal fines and fees disproportionately harm people of color.

According to a 2018 Woodstock Institute report, in Chicago, you are 40% more likely to receive a vehicle ticket if you live in a Black, Brown, or low-income neighborhood. A 2018 study by one of the parent leader groups active in our coalition – POWER-PAC Illinois – found that debt is a major and continual problem for low- and lower-income families. The survey of hundreds of people, over 90% of whom were people of color, found that "Indebtedness feeds on itself, as late fees, family emergencies, and interest accumulate: those with incomes under \$15,000 particularly report being mired in debt, without plans or hopes of getting out from under it." Municipalities' rigorous debt collection practices can pose serious setbacks in people's paths toward sustainable livelihoods.

Over many years, debt can accumulate to double, triple, or quadruple what it once was. HB862 simply limits municipalities' ability to sue someone, garnish their wages, and take money from their bank account if the debt is more than 7 years old. Even if this bill is signed into law, Illinois will have a steep road ahead for debt collections reform, but this law is a definite step in the right direction. Thank you, and please feel free to reach out to Amy Eisenstein, aeisenstein@heartlandalliance.org, 630-878-9701, with any questions.

Sincerely,

Americans for Prosperity – Illinois

Chicago Jobs Council

Chicago Urban League

Illinois Asset Building Group

Heartland Alliance

Housing Action Illinois

Legal Action Chicago

LISC Chicago

Shriver Center on Poverty Law

Woodstock Institute