

(Against) I-05-2022 - Predatory Debt Collection Protection Act

Prop XXX is yet another attempt by California special interests to force an anti-taxpayer agenda onto Arizonans. The misleadingly named “Predatory Debt Collection Protection Act”, which is funded almost exclusively by California unions, will limit the ability of Arizona residents to obtain credit and dramatically increase our interest rates. At a time of skyrocketing inflation and gas prices the last thing our state needs is to make the purchase of necessities such as appliances and vehicles even more expensive. If California unions want to impose measures that harm consumers, they should do so in their own state rather than trying to force Arizonans to pay the costs for extreme anti-business policies. Please vote ‘NO’ on **Prop XXX**.

Victor Riches, President & CEO, The Goldwater Institute, Phoenix

This petition and potential ballot item seems innocuous and deals solely with medical debt protections- as it would set a cap on medical debt judgments. The ballot, however, is deceiving and will have far-reaching and unintended consequences for consumers and creditors.

As founder of RIP Medical Debt, a non-profit that has abolished medical debt in your state, and over \$7 billion in medical debt through the USA, I am quite knowledgeable about what causes the damage of medical debt, and any debt. The collection industry is consumer-friendly, not predatory- that approach does not work. It is not because of predatory collection practices consumers are unable to pay for necessities or are in hardship. They want to pay. Collection companies would rather not collect on people that cannot pay, and it is the collection industry that gave me the opportunity to forgive that \$7 billion. Medical debt is no different than other debts of necessity. If creditors have limited means to collect the money they are owed, as this ballot mandates, there are only a few things creditors can do: 1. not allow credit and insist on cash; 2. collect quickly with limited payment plans; 3. shift costs- increase the cost to make up for the uncollectible; 4. charge customers interest; or 5. push the problem to another party (outsource the receivable function out of state).

If this ballot is allowed and passed, it will change AZ law in many detrimental ways that could inadvertently cause consumers (and patients) hardship. They will have less time to pay, greater costs of goods, services, money, and insurance, increased debt and limited access to credit, and interest charges on past dues.

The CA union (SCIU) and the entity in AZ are proposing a ballot that is potentially harmful to the ecosystem- consumers and creditors.

Craig Antico, CEO, Forgiveco PBC Inc, Fort Collins

This misleadingly-titled initiative will hurt poor and working-class Arizonans. The initiative does nothing to prevent charging predatory prices for medical care. A provider can still charge \$500 for a bandage if this passes. It just can't charge more than 3% interest per year if it offers financing to pay for that bandage. Predatory medical providers will just charge higher prices to make up for the lost interest. This initiative solves nothing.

Worse yet, by capping interest at a rate below inflation, medical providers will actually lose money if they offer financing to their patients. This means many good medical providers will have to stop offering financing to people who can't afford to pay cash up front for their treatments. Many poor and middle class Arizonans will no longer be able to afford medical care that they could get today.

The much bigger impact of this initiative will be that it makes it functionally impossible to enforce

(Against) I-05-2022 - Predatory Debt Collection Protection Act

judgments against most Arizonans. This applies to ALL judgments, not just judgments for medical debt. That's great news for people who plan on defaulting on their loan payments, but for the rest of Arizonans it will make getting financing impossible or drastically more expensive. Businesses won't loan money to people who can stop repayment any time with zero legal consequences. Many Arizonans will no longer be able to afford necessary household repairs or services. If this initiative passes and your refrigerator dies, your car breaks down, or your AC goes out, you'll need to hope you have the cash to get them fixed. Financing either won't be available or will be hugely expensive.

Medical debt is a problem. This initiative does nothing to solve it. It will only make life harder for average Arizonans. Please vote against **Prop XXX**.

Kyle Hallstrom, Phoenix

The Tucson Metro Chamber is encouraging all Arizona voters to vote “NO” on the Predatory Debt Collection Protection Act.

This California Union-funded ballot initiative is being framed by its proponents as a way to stop predatory debt collection on medical debts and protect people from predatory debt collection practices. However, the ballot initiative is written to reduce lenders' ability to collect on all debts, not just medical debts. Additionally, it doesn't specifically protect consumers from predatory debt collection practices.

What this initiative truly does is limit lenders' ability to collect on debts. It raises the level of wages protected from garnishment. It also raises the threshold of money in bank accounts protected from bank garnishments. Essentially, it makes anyone who earns less than \$50,000 per year untouchable by creditors.

Should this initiative pass, it will significantly restrict Arizonans' ability to access credit and loans, especially for the lower half of earners. This is because lenders will have little to no ability to recoup money from people who don't pay on their debts. The unfortunate result will make it more difficult for working families to get car loans, home loans, and personal loans. Interest rates and down payments will increase.

Removing the ability for lenders to collect on debts is bad for business, bad for the community, and bad for Arizona. This initiative will do nothing but make access to credit more difficult for all Arizonans. The timing of this initiative could not be worse considering it would increase prices on homes that are already unaffordable to many.

Vote “NO” on the Predatory Debt Collection Protection Act!

Michael Guymon, President/CEO, Tucson Metro Chamber, Tucson

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The Greater Phoenix Chamber firmly opposes the “Predatory Debt Collection Protection Act”.

This proposed initiative, once again brought forward by a subgroup of out-of-state interests, would have

(Against) I-05-2022 - Predatory Debt Collection Protection Act

devastating consequences for Arizona businesses and consumers. While the intention of the ballot initiative may be to protect consumers from unfair medical debt collection practices, the language of the measure could have unintended consequences that make it more difficult for lenders to collect on all legitimate debts.

The United States and Arizona were founded on free-market, common sense principles. This unnecessary measure grants government interference into free market practices. In arbitrarily placing limits on one sector of Arizona's credit market, the proposal would effectively dry up a large section of our business sector, as lenders across all product lines would have less recourse for recouping their debts.

Even worse, low-income earners would be impacted most, as they often have the hardest time accessing the credit. In addition, the state would suffer from a loss in tax revenue, as businesses would be unwilling to invest in an economy where they can't collect on debts.

The proponents of the measure and the California interests funding the initiative suggest this as a way to protect Arizonans from unfair debt collection practices. In reality, this measure just makes it more difficult for hardworking Arizonans to get car loans, home loans and other items secured by credit. The bottom line is that this measure will exacerbate the state's existing affordability crisis and is extremely harmful for Arizona.

We urge you to join us in voting NO.

Todd Sanders
President & CEO
Greater Phoenix Chamber

Todd Sanders, President & CEO, Greater Phoenix Chamber, Phoenix

Sponsored by Greater Phoenix Chamber

As a small business owner and the wife of a Military Veteran, I recognize that most Arizonans are facing a difficult time with the current economy. The Predatory Debt Collection Protection Act claims that it will help protect the community from predatory debt collection practices and protect assets during the collection of medical debt. I encourage you to read the entire text of the initiative. The ballot initiative is written to limit the ability for creditors to collect on "all" debt and it does not have any language to prohibit collection behavior that is considered predatory. The thresholds for legal collection methods are being raised so that your neighbors will not have to repay their debts. A person earning less than \$50,000.00 per year will essentially be untouchable by creditors. If lenders cannot collect the money owed to them, they will not lend to those of us that need it at affordable rates. If this initiative were to pass, it will make it more difficult for hardworking families to get loans for vehicles and homes. The organization behind this initiative, SEIU, is a California union that wants Arizonans to embrace their politics. California policies are not good for Arizonans. Don't be fooled by their claim that this initiative will protect Arizonans from predatory collections of medical debt. This initiative is bad for Arizonans and Arizona businesses. Please join me in voting "NO" on the Predatory Debt Collection Act.

Amber C. Russo, President, Kino Financial Co., LLC, Tucson

(Against) I-05-2022 - Predatory Debt Collection Protection Act

AGAINST - PREDATORY DEBT COLLECTION PROTECTION ACT

The Arizona Chamber of Commerce & Industry urges you to vote NO on **Proposition XXX**.

Don't be fooled by the empty promises and slick rhetoric of the campaign – this initiative won't protect anyone, and it will hurt the very individuals its proponents say it will help. Despite the claims of the proponents that their scheme only applies to medical debt, it will apply to debts of all kinds.

When lenders can't collect outstanding debts, they'll pass their losses onto their other customers, which means higher interest rates for everyday Arizonans. At a time of sky-high inflation, do we really want even higher interest rates?

What's worse, thousands of Arizonans will lose access to previously available financing. Left without the ability to collect on their loans, lenders will simply stop doing business with hardworking Arizonans who need access to funds the most, leaving these potential customers unable to get credit to buy a car, rent an apartment or buy a house.

Consumers should be able to get financing based on their own priorities without the government dictating the terms of their repayment. This initiative is straight out of California and eviscerates the concept of a private contract between two parties. It deserves to be rejected.

VOTE NO ON **PROPOSITION XXX**.

Danny Seiden
President and CEO
Arizona Chamber of Commerce & Industry

Danny Seiden, President & CEO, Arizona Chamber of Commerce & Industry, Phoenix

Every election year, Arizona is the recipient of an influx of millions in out of state cash to change our laws at the ballot box. **Prop XXX** is a part of this effort, funded almost entirely by California unions that would, if passed, California our Arizona.

First, **Prop XXX** would make an individual earning less than \$50,000 a year essentially untouchable by creditors. That's more than half of our workforce that would be entirely immune from garnishments due to debt. However, it affects more than just lower-income earners. **Prop XXX** also drastically decreases the amount that would be owed by those making more than \$200,000 a year – by upwards of 60%!

Additionally, **Prop XXX** would increase the amount of money in bank accounts that is protected from creditors. Currently, it's capped at \$300. Under **Prop XXX**, the cap would see a more than sixteen-fold increase to \$5,000.

The language of this measure is confusing, intentionally trying to mislead Arizona voters by its deceptive name that implies protections from predatory lenders. In reality, its provisions have much bigger and broader impacts that will result in higher interest rates for everyone, cause the price of goods to skyrocket,

(Against) I-05-2022 - Predatory Debt Collection Protection Act

and punish those who actually borrow responsibly to reward those who don't.

Let's leave the California ideas in California, and vote NO on **Prop XXX**.

Scot Mussi, President, Arizona Free Enterprise Club, Gilbert

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Access to credit is a foundational cornerstone to a healthy and vibrant economy. Arizona consumers and businesses' ability to borrow and access credit allows a well-managed economy to function more efficiently and stimulates economic growth. Access to credit is an important driver for economic mobility.

Access to credit fuels economic growth by allowing consumers and businesses to invest and spend beyond their cash reserves. Credit allows consumers and businesses to borrow money or incur debt, and to defer repayment without having to pay for them in cash at the time of purchase. Access to credit permits consumers to purchase homes, vehicles, and critical household appliances without having to save the entire cost in advance. It allows business owners and entrepreneurs to obtain the capital needed to expand and cover day to day expenses, purchase inventory, and hire additional employees.

Unfortunately, **Prop XXX** is neither a sustainable nor a wise path for Arizona. By imposing a series of draconian requirements on Arizona financial services firms, **Prop XXX** would severely restrict the ability of Arizona consumers and businesses to access critically important lines of credit.

On behalf of the over 65 banks and credit card operators located in Arizona, and over 179,000 Arizona based financial services industry employees, The Arizona Bankers Association strongly urges Arizona voters to reject **Prop XXX**.

Paul Hickman, President & CEO, Arizona Bankers Association, Phoenix