

1 STATE OF OKLAHOMA

2 1st Session of the 59th Legislature (2023)

3 HOUSE BILL 1995

By: Dollens

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6 AS INTRODUCED

7 An Act relating to medical debt; ordering a
8 legislative referendum pursuant to the Oklahoma
9 Constitution; creating the Oklahoma Protection from
10 Predatory Debt Collection Act; providing exemptions
11 from attachments for medical debt; defining terms;
12 providing for rates of interest for loans or
13 indebtedness and interest on judgments; providing for
14 conflicts with federal law; providing for
15 severability; providing ballot title; and directing
16 filing.

17 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

18 SECTION 1. Pursuant to Section 3 of Article V of the Oklahoma
19 Constitution, there is hereby ordered the following legislative
20 referendum which shall be filed with the Secretary of State and
21 addressed to the Governor of the state, who shall submit the same to
22 the people for their approval or rejection at the General Election,
23 to be held on November 5th, 2024.

24 SECTION 2. NEW LAW A new section of law to be codified
in the Oklahoma Statutes as Section 370 of Title 56, unless there is
created a duplication in numbering, reads as follows:

1 This act shall be known and may be cited as "Oklahoma Protection
2 from Predatory Debt Collection Act".

3 SECTION 3. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 371 of Title 56, unless there is
5 created a duplication in numbering, reads as follows:

6 A. Any person the eighteen (18) years of age or over, married
7 or single, who resides within the state may hold as a homestead
8 exempt from attachment, execution and forced sale, not exceeding
9 Four Hundred Thousand Dollars (\$400,000.00) in value, any one of the
10 following:

11 1. The person's interest in real property in one compact body
12 upon which exists a dwelling house in which the person resides;

13 2. The person's interest in one condominium or cooperative in
14 which the person resides;

15 3. A mobile home in which the person resides; or

16 4. A mobile home in which the person resides plus the land upon
17 which that mobile home is located.

18 B. Only the homestead exemption may be held by a married couple
19 or a single person under this section. The value as specified in
20 this section refers to the equity of a single person or married
21 couple. If a married couple lived together in a dwelling house, a
22 condominium or cooperative, a mobile home or a mobile home plus land
23 on which the mobile home is located and are then divorced, the total
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1 exemption allowed for that residence to either or both persons shall
2 not exceed Four Hundred Thousand Dollars (\$400,000.00).

3 C. The homestead exemption, not exceeding the value provided
4 for in subsection A of this section, automatically attaches to the
5 person's interest in identifiable cash proceeds from the voluntary
6 or involuntary sale of the property. The homestead exemption in
7 identifiable cash proceeds continues for eighteen (18) months after
8 the date of the sale of the property or until the person establishes
9 a new homestead with the proceeds, whichever period is shorter.
10 Only one homestead exemption at a time may be held by a person under
11 this section.

12 D. The homestead exemption provided by this section shall be
13 adjusted annually on January 1, 2025, and on January 1 of each
14 successive year, by the increase in the cost of living. The
15 increase in the cost of living shall be measured by the percentage
16 increase as of August of the immediately preceding year over the
17 level as of August of the previous year of the Consumer Price Index
18 (all urban consumers, United States city average for all items), or
19 its successor index as published by the United States Department of
20 Labor or its successor agency, with the amount of the exemption
21 rounded to the nearest One Hundred Dollars (\$100.00).

22 SECTION 4. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 372 of Title 56, unless there is
24 created a duplication in numbering, reads as follows:

1 A. Household furniture and furnishings, household goods,
2 including consumer electronic devices, and household appliances
3 personally used by the debtor or a dependent of the debtor and not
4 otherwise specifically prescribed in this chapter are exempt from
5 process provided their aggregate fair market value does not exceed
6 Fifteen Thousand Dollars (\$15,000.00).

7 B. The exemption provided by this section shall be adjusted
8 annually on January 1, 2025, and on January 1 of each successive
9 year, by the increase in the cost of living. The increase in the
10 cost of living shall be measured by the percentage increase as of
11 August of the immediately preceding year over the level as of August
12 of the previous year of the Consumer Price Index (all urban
13 consumers, United States city average for all items), or its
14 successor index as published by the United States Department of
15 Labor or its successor agency, with the amount of the exemption
16 rounded to the nearest One Hundred Dollars (\$100.00).

17 SECTION 5. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 373 of Title 56, unless there is
19 created a duplication in numbering, reads as follows:

20 A. The following property of a debtor used primarily for
21 personal, family or household purposes is exempt from process:

22 1. All apparel of not more than a fair market value of Five
23 Hundred Dollars (\$500.00);

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- 1 2. All musical instruments provided for the debtor's individual
2 or family use of not more than an aggregate fair market value of
3 Four Hundred Dollars (\$400.00);
- 4 3. Horses, milk cows, and poultry of not more than an aggregate
5 fair market value of One Hundred Thousand Dollars (\$100,000.00);
- 6 4. All engagement and wedding rings of not more than an
7 aggregate fair market value of Two Thousand Dollars (\$2,000.00);
- 8 5. The library of a debtor including books, manuals, published
9 materials and personal documents of not more than an aggregate fair
10 market value of Two Hundred Fifty Dollars (\$250.00).
- 11 6. One watch of not more than an aggregate fair market value of
12 Two Hundred Fifty Dollars (\$250.00).
- 13 7. One typewriter, one computer, one bicycle, one sewing
14 machine, a family Bible or a lot in any burial ground of not more
15 than an aggregate fair market value of Two Thousand Dollars
16 (\$2,000.00);
- 17 8. Equity in one motor vehicle of not more than Fifteen
18 Thousand Dollars (\$15,000.00). If the debtor or debtor's dependent
19 has a physical disability, the equity in the motor vehicle shall not
20 exceed Twenty-five Thousand Dollars (\$25,000.00);
- 21 9. Professionally prescribed prostheses for the debtor or a
22 dependent of the debtor, including a wheelchair or motorized
23 mobility device;

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1 10. All firearms of not more than an aggregate fair market
2 value of Two Thousand Dollars (\$2,000.00); and

3 11. All domestic animals or household pets.

4 B. These exemptions shall be adjusted annually on January 1,
5 2025, and on January 1 of each successive year, by the increase in
6 the cost of living. The increase in the cost of living shall be
7 measured by the percentage increase as of August of the immediately
8 preceding year over the level as of August of the previous year of
9 the Consumer Price Index (all urban consumers, United States city
10 average for all items), or its successor index as published by the
11 United States Department of Labor or its successor agency, with the
12 amount of the exemption rounded to the nearest One Hundred Dollars
13 (\$100.00).

14 SECTION 6. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 374 of Title 56, unless there is
16 created a duplication in numbering, reads as follows:

17 A. The following property of a debtor is exempt from execution,
18 attachment or sale on any process issued from any court:

19 1. All money received by or payable to a surviving spouse or
20 child on the life of a deceased spouse, parent or legal guardian,
21 not exceeding Twenty Thousand Dollars (\$20,000.00);

22 2. The earnings of a minor child of a debtor or the proceeds of
23 these earnings by reason of any liability of the debtor not
24 contracted for the special benefit of the minor child;

1 3. All money received by or payable to a person entitled to
2 receive child support or spousal maintenance pursuant to a court
3 order;

4 4. All money, proceeds or benefits of any kind to be paid in a
5 lump sum or to be rendered on a periodic or installment basis to the
6 insured or any beneficiary under any policy of health, accident or
7 disability insurance or any similar plan or program of benefits in
8 use by any employer, except for premiums payable on the policy or
9 debt of the insured secured by a pledge, and except for collection
10 of any debt or obligation for which the insured or beneficiary has
11 been paid under the plan or policy; and except for payment of amount
12 ordered for support of a person from proceeds and benefits furnished
13 in lieu of earnings that would have been subject to that order and
14 subject to any exemption applicable to earnings so replaced;

15 5. All money arising from any claim for the destruction of, or
16 damage to, exempt property and all proceeds or benefits of any kind
17 arising from fire or other insurance on any property exempt under
18 this article;

19 6. The cash surrender value of life insurance policies where
20 for a continuous unexpired period of two (2) years the policies have
21 been owned by a debtor. The policy shall have named as beneficiary
22 the debtor's surviving spouse, child, parent, brother, or sister.
23 The policy may have named as beneficiary any other family member who
24 is a dependent, in the proportion that the policy names any such

1 beneficiary, except that, subject to the statute of limitations, the
2 amount of any premium that is recoverable or avoidable by a creditor
3 pursuant to the Uniform Fraudulent Transfer Act of the Oklahoma
4 Statutes, with interest thereon, is not exempt. The exemption
5 provided by this paragraph does not apply to a claim for the payment
6 of a debt of the insured or beneficiary that is secured by a pledge
7 or assignment of the cash value of the insurance policy or the
8 proceeds of the policy. For the purposes of this paragraph,
9 "dependent" means a family member who is dependent on the insured
10 debtor for not less than half support;

11 7. An annuity contract where for a continuous unexpired period
12 of two (2) years that contract has been owned by a debtor and has
13 named as beneficiary the debtor, the debtor's surviving spouse,
14 child, parent, brother, or sister, or any other dependent family
15 member, except that, subject to the statute of limitations, the
16 amount of any premium, payment or deposit with respect to that
17 contract is recoverable or avoidable by a creditor pursuant to the
18 Uniform Fraudulent Transfer Act of the Oklahoma Statutes, is not
19 exempt. The exemption provided by this paragraph does not apply to
20 a claim for the payment of a debt of the annuitant or beneficiary
21 that is secured by a pledge or assignment of the contract or its
22 proceeds. For the purposes of this paragraph, "dependent" means a
23 family member who is dependent on the debtor for not less than half
24 support;

1 8. Any claim for damages recoverable by any person by any
2 reason of any levy on or sale under execution of that person's
3 exempt personal property or by reason of the wrongful taking or
4 detention of that property by any person, and the judgment recovered
5 for damages;

6 9. A total of Five Thousand Dollars (\$5,000.00) held in a
7 single account in any one financial institution as defined by
8 Section 102 of Title 6 of the Oklahoma Statutes. The property
9 declared exempt by this paragraph is not exempt from normal service
10 charges assessed against the account by the financial institution at
11 which the account is carried. This exemption shall be adjusted
12 annually on January 1, 2025, and on January 1 of each successive
13 year, by the increase in the cost of living. The increase in the
14 cost of living shall be measured by the percentage increase as of
15 August of the immediately preceding year over the level as of August
16 of the previous year of the Consumer Price Index (all urban
17 consumers, United States city average for all items), or its
18 successor index as published by the United States Department of
19 Labor or its successor agency, with the amount of the exemption
20 rounded to the nearest one hundred dollars;

21 10. An interest in a college savings plan under Section 529 of
22 the United States Internal Revenue Code of 1986, either as the owner
23 or as the beneficiary. This does not include money contributed to
24 the plan within two (2) years before a debtor files for bankruptcy.

1 B. Any money or other assets payable to a participant in or
2 beneficiary of, or any interest of any participant or beneficiary
3 in, a retirement plan under Section 401(a), 403(a), 403(b), 408,
4 408A, or 409 or a deferred compensation plan under Section 457 of
5 the United States Internal Revenue Code of 1986, as amended, whether
6 the beneficiary's interest arises by inheritance, designation,
7 appointment, or otherwise, is exempt from all claims of creditors of
8 the beneficiary or participant. This subsection does not apply to
9 any of the following:

10 1. An alternate payee under a qualified domestic relations
11 order, as defined in Section 414(p) of the United States Internal
12 Revenue Code of 1986, as amended. The interest of any and all
13 alternate payees is exempt from any and all claims of any creditor
14 of the alternate payee;

15 2. Amounts contributed within one hundred twenty days before
16 debtor files for bankruptcy; and

17 3. The assets of bankruptcy proceedings filed before July 1,
18 1987.

19 C. Any person eighteen (18) years of age or over, married or
20 single, who resides within this state and who does not exercise the
21 homestead exemption may claim as a personal property homestead
22 exempt from all process prepaid rent, including security deposits as
23 provided in Section 115 of Title 41 of the Oklahoma Statutes, for
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1 the claimant's residence, not exceeding Two Thousand Dollars
2 (\$2,000.00).

3 D. This section does not exempt property from orders that are
4 the result of a judgment for arrearages of child support or for a
5 child support debt.

6 SECTION 7. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 375 of Title 56, unless there is
8 created a duplication in numbering, reads as follows:

9 A. For the purposes of this section, "disposable earnings"
10 means the remaining portion of a debtor's wages, salary or
11 compensation for his or her personal services, including bonuses and
12 commissions, or otherwise, and includes payments pursuant to a
13 pension or retirement program or deferred compensation plan, after
14 deducting from such earnings those amounts required by law to be
15 withheld.

16 B. Except as provided in subsection C of this Section, the
17 maximum part of the disposable earnings of a debtor for any workweek
18 that is subject to process may not exceed ten percent (10%) of
19 disposable earnings for that week or the amount by which disposable
20 earnings for that week exceed sixty (60) times the applicable
21 minimum hourly wage in effect at the time the earnings are payable,
22 whichever is less. The applicable minimum wage is the minimum wage
23 required by federal, state, or local law, whichever is highest.

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1 C. The exemptions provided in subsection B of this Section do
2 not apply in the case of any order for the support of any person.
3 In such case, one-half (1/2) of the disposable earnings of a debtor
4 for any pay period is exempt from process.

5 D. The exemptions provided in this section do not apply in the
6 case of any order of any court of bankruptcy under chapter XIII of
7 the Federal Bankruptcy Act or any debt due for any state or federal
8 tax.

9 SECTION 8. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 376 of Title 56, unless there is
11 created a duplication in numbering, reads as follows:

12 A. Interest on any loan, indebtedness or other obligation shall
13 be as follows:

14 1. Interest on medical debt shall be limited to the rate of
15 interest equal to the weekly average 1-year constant maturity
16 treasury yield, as published by the Board of Governors of the
17 Federal Reserve System, for the calendar week preceding the date
18 when the consumer was first provided with a bill, but shall not be
19 more than three percent (3%) per annum. The maximum rate of
20 interest provided here shall also apply to any judgments on medical
21 debt; and

22 2. Interest on any loan, indebtedness or obligation other than
23 medical debt shall be at the rate of ten percent (10%) per annum,
24 unless a different rate is contracted for in writing, in which event

1 any rate of interest may be agreed to. Interest on any judgment,
2 other than judgments on medical debt, that is based on a written
3 agreement evidencing a loan, indebtedness or obligation that bears a
4 rate of interest not in excess of the maximum permitted by law shall
5 be at the rate of interest provided in the agreement and shall be
6 specified in the judgment.

7 B. Unless specifically provided for in statute or a different
8 rate is contracted for in writing, interest on any judgment other
9 than judgments on medical debt shall be at the lesser of ten percent
10 (10%) per annum or at a rate per annum that is equal to one percent
11 (1%) plus the prime rate as published by the Board of Governors of
12 the Federal Reserve System in statistical release H.15 or any
13 publication that may supersede it on the date that the judgment is
14 entered. The judgment shall state the applicable interest rate and
15 it shall not change after it is entered.

16 C. Interest on a judgment on a condemnation proceeding shall be
17 payable as follows:

18 1. If instituted by a city or town the rate shall be calculated
19 for each month or portion of a month that interest is owed and shall
20 be either:

21 a. the prime rate charged by banks on short-term business
22 loans as determined for publication in the bulletin of
23 the Board of Governors of the Federal Reserve System,
24 as of the first day of that month,

1 b. in the absence of a determination by the Board of
2 Governors of the Federal Reserve System, calculated in
3 the same manner based on comparable data as determined
4 by the United States Department of Commerce, Bureau of
5 Economic Analysis, for publication in "Survey of
6 Current Business", or

7 c. if the prime rate cannot be determined from
8 publication as provided in subparagraph b of this
9 paragraph, determined by a federal agency that is
10 annually designated by the governing body of the city
11 or town and that makes and publishes data sufficient
12 to determine the prime rate of interest.

13 2. If instituted by a county the rate shall be calculated for
14 each month or portion of a month that interest is owed and shall be
15 either:

16 a. the prime rate charged by banks on short-term business
17 loans as determined for publication in the bulletin of
18 the Board of Governors of the Federal Reserve System,
19 as of the first day of that month,

20 b. in the absence of a determination by the Board of
21 Governors of the Federal Reserve System, calculated in
22 the same manner based on comparable data as determined
23 by the United States Department of Commerce, Bureau of
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1 Economic Analysis, for publication in "Survey of
2 Current Business", or

- 3 c. if the prime rate cannot be determined from
4 publication as provided in subparagraph b of this
5 paragraph, determined by a federal agency that is
6 annually designated by the board of supervisors and
7 that makes and publishes data sufficient to determine
8 the prime rate of interest.

9 3. If instituted by the Department of Transportation the rate
10 shall be calculated for each month or portion of a month that
11 interest is owed and shall be either:

- 12 a. the prime rate charged by banks on short-term business
13 loans as determined for publication in the bulletin of
14 the Board of Governors of the Federal Reserve System,
15 as of the first day of that month,
- 16 b. in the absence of a determination by the Board of
17 Governors of the Federal Reserve System, calculated in
18 the same manner based on comparable data as determined
19 by the United States Department of Commerce, Bureau of
20 Economic Analysis, for publication in "Survey of
21 Current Business", or
- 22 c. if the prime rate cannot be determined from
23 publication as provided in subparagraph b of the
24 paragraph, determined by a federal agency that is

1 annually designated by the board and that makes and
2 publishes data sufficient to determine the prime rate
3 of interest.

4 4. If instituted by a county flood control district, a power
5 district or an agricultural improvement district the rate shall be
6 calculated for each month or portion of a month that interest is
7 owed and shall be either:

- 8 a. the prime rate charged by banks on short-term business
9 loans as determined for publication in the bulletin of
10 the Board of Governors of the Federal Reserve System,
11 as of the first day of that month,
- 12 b. in the absence of a determination by the Board of
13 Governors of the Federal Reserve System, calculated in
14 the same manner based on comparable data as determined
15 by the United States Department of Commerce, Bureau of
16 Economic Analysis, for publication in "Survey of
17 Current Business", or
- 18 c. if the prime rate cannot be determined from
19 publication as provided in subparagraph b of this
20 paragraph, determined by a federal agency that is
21 annually designated by the respective district and
22 that makes and publishes data sufficient to determine
23 the prime rate of interest.

24 D. A court shall not award either of the following:

1 1. Prejudgment interest for any unliquidated, future, punitive
2 or exemplary damages that are found by the trier of fact; or

3 2. Interest for any future, punitive or exemplary damages that
4 are found by the trier of fact.

5 E. For the purposes of subsection D of this section, "future
6 damages" means damages that will be incurred after the date of the
7 judgment and includes the costs of any injunctive or equitable
8 relief that will be provided after the date of the judgment.

9 F. If awarded, prejudgment interest shall be at the rate
10 described in subsection A or B of this section.

11 G. For the purposes of this section:

12 1. "Health care services" means services provided at or by any
13 of the following: health care institutions as defined in Section 22
14 of Title 36 of the Oklahoma Statutes; private offices or clinics of
15 health care providers licenses under Title 59 of the Oklahoma
16 Statutes; and ambulances or ambulance services as defined in Section
17 1-2503 of Title 63 of the Oklahoma Statutes; and

18 2. "Medical Debt" means a loan, indebtedness or other
19 obligation arising directly from the receipt of health care services
20 or of medical products or devices.

21 SECTION 9. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 377 of Title 56, unless there is
23 created a duplication in numbering, reads as follows:

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1 This act shall not be interpreted or applied so as to create any
2 power or duty in conflict with federal law.

3 SECTION 10. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 378 of Title 56, unless there is
5 created a duplication in numbering, reads as follows:

6 If a provision of this act or its application to any person or
7 circumstance is held invalid, the invalidity does not affect other
8 provisions or applications of the act that can be given effect
9 without the invalid provision or application, and to this end the
10 provisions of this act are severable.

11 SECTION 11. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 379 of Title 56, unless there is
13 created a duplication in numbering, reads as follows:

14 This act applies prospectively only. Accordingly, it does not
15 affect rights and duties that matured before the effective date of
16 this act, contracts entered into before the effective date of this
17 act, or the interest rate on judgments that are based on a written
18 agreement entered into before the effective date of this act.

19 SECTION 12. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 380 of Title 56, unless there is
21 created a duplication in numbering, reads as follows:

22 The People of Oklahoma desire that this initiative, if approved
23 by the voters, be defended if it is challenged in court. They
24 therefore declare that the political committee registered to

1 circulate petitions and campaign in support of the adoption of the
2 initiative, or any one or more of its officers, has standing to
3 defend this initiative on behalf of and as the agent of the People
4 of Oklahoma in any legal action brought to challenge the validity of
5 this initiative.

6 SECTION 13. The Ballot Title for the proposed act shall be in
7 the following form:

8 BALLOT TITLE

9 Legislative Referendum No. _____ State Question No. _____

10 THE GIST OF THE PROPOSITION IS AS FOLLOWS:

11 This proposed law would reduce maximum interest rates on medical
12 debt from 10 percent to 3 percent annually, increase the amount
13 of certain assets exempt from debt collection, annually adjust
14 exemptions for inflation beginning in 2025, and allow courts to
15 reduce the amount of disposable earnings garnished in cases of
16 extreme hardship.

17 SHALL THE PROPOSAL BE APPROVED?

18 FOR THE PROPOSAL - YES _____

19 AGAINST THE PROPOSAL - NO _____

20 SECTION 14. The Chief Clerk of the House of Representatives,
21 immediately after the passage of this act, shall prepare and file
22 one copy thereof, including the Ballot Title set forth in SECTION 13
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1 hereof, with the Secretary of State and one copy with the Attorney
2 General.

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