



For Immediate Release: 11/8/2021

GOVERNOR KATHY HOCHUL

## GOVERNOR HOCHUL SIGNS CONSUMER PROTECTION LEGISLATIVE PACKAGE

***Legislation S.153/A.2382 Enacts The Consumer Credit Fairness Act, Which Would Address Abusive Debt Collection Practices***

***Legislation S.4823/A.3359 Prohibits Utility Companies From Harassing, Abusing, Or Oppressing Customers Connected To Residential Customer Complaints***

***Legislation S.1199/A.5838 Requires At Least One Commissioner In The Public Service Commission To Have Had Experience In Utility Consumer Advocacy***

Governor Hochul today signed a legislative package relating to consumer protection. Legislation S.153/A.2382 enacts the The Consumer Credit Fairness Act, which will protect consumers from abusive debt collection, as many practices relate to old debts being sued on, debt from credit card issuers being resold to other creditors, and minimal information being provided to debt purchasers. By increasing transparency, minimizing gaps in State civil procedure laws, and preventing extreme actions such as wage garnishment and bank account freezing, consumers are given more time to act on burdensome debt collection practices. Legislation S.4823/A.3359 prohibits harassment from utility companies when negotiating a complaint or unpaid balance. Legislation S.1199/A.5838 requires the Public Service Commission to have at least one member who is an expert at consumer advocacy.

"When bad actors try and take advantage of consumers, New York will fight back," **Governor Hochul said**. "I'm proud to be signing legislation that will protect New Yorkers from unscrupulous practices by debt collectors and utility companies. These three new laws will make New York a better, fairer place for all consumers."

**Department of Financial Services Acting Superintendent Adrienne A. Harris said**, "This change to the CPLR will protect New Yorkers from unscrupulous creditors as the recovery from COVID-19 continues. This bill (S.153/A.2382) specifically addresses known predatory debt collection practices, barring an abusive common tactic engaged by predatory debt collectors which is to sue on time-barred consumer debts for which they lack even the most basic of documentation. This new law expands critical consumer protections for the most vulnerable New Yorkers."

The Consumer Credit Fairness Act takes action to curb abusive debt collection lawsuits by requiring defendants to be notified about legal action from a creditor, requiring court filings to include more information about the debt targeted in a lawsuit, lowering the statute of limitations for consumer credit transactions, and establishing specific requirements for applications for default judgments in consumer credit action. By increasing the information that consumers receive in the process of legal action, there is less gaps in State civil procedure laws, and it prevents extreme actions such as wage garnishment and bank account freezing, giving consumers more time to act on burdensome debt collection practices.

This builds on Governor Hochul's previous efforts to alleviate debt stresses for New Yorkers. In October, the Governor expanded the home energy assistance program by providing up to \$10,000 to pay for arrears for eligible low-income households, in order to address a dramatic increase in utility customer arrears that accumulated during the COVID-19 pandemic. The Department of Public Service is working with utilities on outreach efforts to make customers more aware of the available assistance. Under the new legislation, utilities can continue legitimate debt collection activities.

**State Senator Kevin Thomas said,** "Abusive and exploitative debt collection lawsuits have become an epidemic across New York State. The consequences of these lawsuits—which often prey on the elderly, disabled, and low and moderate income New Yorkers—are devastating, especially at a time when New Yorkers are already suffering financial difficulties as a result of COVID-19. The Consumer Credit Fairness Act will stop these abusive and often illegal debt collection practices in their tracks. I want to thank Assemblymember Weinstein and our hardworking consumer advocates for their partnership, and Governor Hochul for standing up for New York consumers by signing the CCFA into law."

**Assemblymember Helene E. Weinstein said,** "This legislation will protect consumers from abusive debt collection practices. It is long past time to add teeth to our laws by ensuring that all debt collection lawsuits comply with these new stringent requirements. I thank Governor Hochul and Senator Thomas for partnering with me to enact these much needed reforms to our laws, and all the consumer advocates who have stayed the course through the years."

Legislation S.4823/A.3359 prohibits utility companies from engaging in harassment, oppression, or abuse when working with a residential customer. By ensuring utility customers' rights, it will alleviate the stressors associated with missing a utility payment. This comes in response to various unscrupulous practices that utility corporations engage in, such as creating a "payment agreement" with customers that encourage customers to take large down payments in exchange for utilities such as energy not being shut down.

**State Senator Leroy Comrie said,** "As our state continues to recover from the pandemic, protecting consumers remains a high priority for the Senate Majority Conference, and this package of legislation will do just that. My bill provides clarifying language for the Home Energy Fair Practices Act (HEFPA), ensuring that when New Yorkers are in the midst of negotiating payment arrangements or filing a complaint

against an energy provider, they are not subject to harassment or abuse. I thank Governor Kathy Hochul for signing this bill into law, recognizing the need to strengthen statutes that protect residential utility consumers and hold municipal providers and ESCO's accountable to the public that they are meant to serve."

**Assemblymember Amy Paulin said,** "During difficult economic times, customers can easily fall behind in utility payments. Regardless, a utility company's representatives should treat every customer fairly. Customers should never be subjected to abusive language or deceptive payment practices. This law which will protect customer rights while ensuring that utility companies collect customer debt and resolve complaints under the highest ethical standards. I thank Governor Hochul for signing this key piece of legislation into law, helping to ensure the fair treatment of New Yorkers who are seeking to equitably resolve utility issues."

Legislation S.1199/A.5838 require the at least one of the commissioners of the Public Service Commission to have experience in utility consumer advocacy. This is to reorient the Public Service Commission towards its original goals of ensuring customers are given adequate service at reasonable rates. Having experience in advocating for the interests of utility consumers will give the Commissioner a perspective that focuses on befitting utility customers, preventing the Commission's interests from skewing toward commercial interests or public utility interests.

**State Senator Michael Gianaris said,** "Too often the Public Service Commission serves the industries it regulates rather than the public. A consumer representative on the PSC will be a powerful step in the right direction. I am glad to see this important proposal enacted into law with Governor Hochul's signature. New York State will now require a voice for consumers on the PSC."

**Assemblymember Catalina Cruz said,** "The cost of heating our homes and of the electricity we need to live our lives has not been spared the inflation we are seeing today. With rising utility costs impacting the millions of New Yorkers on fixed incomes and others struggling with low wage jobs and unemployment, New York's consumers need regulators who represent their interests, not the interests of their utility companies. This law will ensure there's a voice and vote for ratepayers at the table. I applaud Governor Hochul for signing this bill into law and it comes just in time as the harsh Winter season approaches."

Parts of Legislation S.153/A.2382 will go into effect immediately, and Legislation S.4823/A.3359 and Legislation S.1199/A.5838 will go into effect 30 days after being signed into law.

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