



## December 2023 Tip of the Month

### Minnesota's New Law on Coerced Debt for Victims of Domestic Abuse, Harassment, and Trafficking

*Assembled by staff and a special thanks to Rana Alexander (StandPoint), John Buhta (SMRLS) and Ron Elwood (Legal Services Advocacy Project), who provided the law summary below.*

There is a new law that becomes effective January 1, 2024, that seeks to help victims of domestic abuse, harassment, or trafficking (sex or labor) that owe coerced debt. Research on domestic violence has shown that between 94-99% of domestic violence victims will experience economic abuse. For example, the abuser may force the victim to take out a credit card or sign up the victim for credit cards without the victim's knowledge. One result of coerced debt is that 73% of victims stay longer in an abusive relationship because of the coerced debt. This Tip of the Month introduces Minnesota's new law that seeks to bring help to victims of coerced debt.

#### **I. COERCED DEBT INCURRED BY SURVIVORS OF DOMESTIC VIOLENCE**

*2023 Minn. Laws, Chapter 57, Article 3, Sections 69 - 73*

*Omnibus Commerce Bill*

*Adds Minn. Stat. § 332.71 - 332.75*

*Effective January 1, 2024, and applies to all debts incurred on or after that date*

<https://www.revisor.mn.gov/laws/2023/0/Session+Law/Chapter/57/>

#### **A. DEFINITION**

Defines "coerced debt" to mean "all or a portion of debt in a debtor's name that has been incurred as a result of: (1) the use of the debtor's personal information without the debtor's knowledge, authorization, or consent; (2) the use or threat of force, intimidation, undue influence, harassment, fraud, deception, coercion, or other similar means against the debtor; or (3) economic abuse perpetrated against the debtor. Coerced debt does not include secured debt."

**B. COERCED DEBT PROHIBITED**

Prohibits any person from causing another person to incur coerced debt.

**C. ACTIONS A SURVIVOR CAN TAKE TO OBTAIN RELIEF FROM COERCED DEBT**

**1. Legal Action**

Gives a survivor of domestic violence the right to petition the district court for equitable relief that includes:

- (1) a declaratory judgment that the debt is coerced debt;
- (2) an injunction prohibiting a creditor from holding and attempting to hold the survivor liable for the debt; and
- (3) an order dismissing any existing cause of action and prohibiting any future action against the survivor to enforce the debt.

**2. Prerequisite to Taking a Legal Action**

Requires the survivor, before filing a petition for relief, to notify the creditor and provide proof identified in the statute that the debt is coerced. Gives the creditor 30 days to notify the survivor whether the creditor will cease or continue collection activity.

For more information about the topic of coerced debt, go to: <https://csaj.org/resource/compendium-on-coerced-debt/>