

HOUSE BILL 313

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

Reena Szczepanski

AN ACT

RELATING TO DEBT COLLECTION; ENACTING THE CIVIL RELIEF FROM COERCED DEBT ACT; PRESCRIBING DEBTOR DUTIES; REQUIRING DEBTORS TO SUBMIT A STATEMENT OF COERCED DEBT; PRESCRIBING CREDITOR DUTIES; ESTABLISHING A RIGHT OF ACTION FOR CLAIMS ARISING OUT OF COERCED DEBTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be cited as the "Civil Relief from Coerced Debt Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the Civil Relief from Coerced Debt Act:

A. "coerced debt" means a debt or portion of debt that was incurred because of identity theft, fraud, duress, intimidation, threat, force, coercion, manipulation, undue influence, misinformation or the non-consensual use of the

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1 debtor's personal identifying information within the context of
2 human trafficking, domestic abuse, domestic violence, sexual
3 assault, stalking or abuse of an adult as defined in the Adult
4 Protective Services Act. "Coerced debt" does not include debt
5 secured by real property;

6 B. "creditor" means:

7 (1) an individual or entity to whom a debt is
8 owed, due or asserted to be due or owed;

9 (2) any assignee for value;

10 (3) a debt collector; or

11 (4) a debt buyer;

12 C. "debt" means an obligation or alleged obligation
13 to pay money;

14 D. "debtor" means an individual who owes or who is
15 alleged to owe a debt;

16 E. "perpetrator of coerced debt" means a person who
17 causes or is alleged to have caused coerced debt to be incurred
18 by another; and

19 F. "qualified third party" means:

20 (1) a law enforcement officer;

21 (2) an attorney, a physician, a physician
22 assistant, a psychiatrist, a psychologist, a social worker, a
23 nurse, a therapist or a clinical professional counselor, all of
24 whom are licensed to practice in any state;

25 (3) a person who advises or provides services

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1 to persons regarding sexual assault, domestic abuse, domestic
2 violence, family violence, human trafficking or abuse of
3 children, the elderly or dependent adults; or

4 (4) a member of the clergy of a church,
5 religious society or denomination.

6 **SECTION 3. [NEW MATERIAL] COERCED DEBT--DEBTOR DUTIES--**
7 **STATEMENT OF COERCED DEBT.--**

8 A. A person shall not cause another to incur
9 coerced debt. A person who is found to be a perpetrator of
10 coerced debt by a court of competent jurisdiction shall be
11 civilly liable to the creditor. The perpetrator of coerced
12 debt may also be civilly liable to a debtor to the extent that
13 the debtor made payments or incurred costs related to the
14 coerced debt.

15 B. A debtor is not liable for coerced debt and may
16 assert that the debtor has incurred a coerced debt by providing
17 to a creditor a written statement of coerced debt and adequate
18 documentation. The statement of coerced debt shall:

19 (1) contain enough information about the debt
20 or portion of the debt to permit a creditor to identify any
21 accounts associated with the debt;

22 (2) inform the creditor that the debtor did
23 not willingly authorize the use of the debtor's name, account
24 or personal information for incurring the debt or portion of
25 the debt or to claim that a debt or portion of the debt is a

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1 coerced debt;

2 (3) provide facts describing how the debt was
3 incurred;

4 (4) include the debtor's contact information,
5 such as a phone number, an email address, a physical address or
6 a confidential substitute address pursuant to the Confidential
7 Substitute Address Act for the debtor or a qualified third
8 party the debtor designates to receive information about the
9 coerced debt;

10 (5) be supported by at least one of the
11 following:

12 (a) a police report that identifies the
13 coerced debt or a portion of the debt and describes the
14 circumstances under which the coerced debt was incurred;

15 (b) an order from a court setting forth
16 findings of coerced debt;

17 (c) written verification on letterhead
18 or on a form published by the department of justice from a
19 qualified third party to whom the debtor reported the coerced
20 debt that identifies the name, organization, address and
21 telephone number of the qualified third party, identifies the
22 coerced debt or a portion of the debt and attests that the
23 debtor sought the qualified third party's assistance related to
24 the coerced debt, abuse or exploitation pursuant to the Family
25 Violence Protection Act or because the person is a victim of

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1 human trafficking. Provision of a written verification under
2 this section does not waive any privilege or confidentiality
3 between the third party and the debtor pursuant to federal,
4 state or local law; or

5 (d) any other document that individually
6 or in combination with other documents demonstrates that a
7 person was subject to coerced debt, including text messages,
8 email messages, phone records, voicemail messages, social media
9 posts, letters, credit card applications or orders of
10 protection; and

11 (6) be verified by signing the following
12 attestation: "By signing below, I am certifying that the
13 information provided on this form is true and correct to the
14 best of my knowledge and recollection and that one or more
15 members of my household is or has been a victim of human
16 trafficking, domestic abuse, domestic violence, sexual assault,
17 stalking or abuse of an adult as defined in the Adult
18 Protective Services Act".

19 C. A debtor who seeks relief provided pursuant to
20 the Civil Relief from Coerced Debt Act shall submit to the
21 creditor a statement of coerced debt that confirms the date on
22 which the statement was delivered and in a form prescribed by
23 the financial institutions division of the regulation and
24 licensing department.

25 SECTION 4. [NEW MATERIAL] CREDITOR DUTIES PURSUANT TO
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1 COERCED DEBT AND DEBTOR'S STATEMENT OF COERCED DEBT.--

2 A. A creditor shall provide to a debtor on any
3 collection letter or written communication to the debtor, and
4 on the creditor's website, the information necessary to submit
5 a statement of coerced debt to that creditor by first class
6 mail, certified mail or overnight delivery, by email or by
7 completing an online form on the creditor's website.

8 B. Within ten business days of receipt of a
9 debtor's statement of coerced debt, the creditor shall notify
10 all consumer reporting agencies to which the creditor furnished
11 adverse information about the debtor that the debtor disputes
12 the adverse information.

13 C. If the consumer provides a statement of coerced
14 debt and adequate documentation as required by Section 3 of the
15 Civil Relief from Coerced Debt Act to the creditor, the
16 creditor shall, within ten business days of receipt:

17 (1) suspend all attempts to collect the
18 coerced debt from the debtor;

19 (2) refrain from filing any lawsuit to collect
20 the coerced debt or, if a collection action related to the
21 coerced debt has already been filed, dismiss the action as
22 against the debtor unless the creditor is challenging that the
23 debt is not coerced debt in that action;

24 (3) cease all garnishment of funds from the
25 debtor;

(4) return to the debtor any payments that were made by the debtor or received as part of a garnishment of funds from the debtor on the coerced debt;

(5) notify the debtor that the creditor is suspending all attempts to collect the debt from the debtor based on the debtor's claim of coerced debt. The notice shall be provided to the debtor using the debtor's preferred contact method as specified in Section 3 of the Civil Relief from Coerced Debt Act. The creditor shall inform the debtor of the option to receive the notice in writing;

(6) contact all consumer reporting agencies to which the creditor furnished information about the debtor and the coerced debt and request that the agencies delete the information; and

(7) refrain from selling the debt or transferring the debt for consideration. If the creditor does not own the debt and is collecting the debt for another, then the creditor shall notify the owner of the debt that the creditor has suspended collection activities against the debtor.

D. Creditors shall not require debtors to submit a police report or other court document or record.

E. If a debtor provides to a creditor a statement of coerced debt that includes some but not all the information required of a statement of coerced debt or provides an oral

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1 statement of coerced debt without adequate documentation, the
2 creditor shall notify the debtor within fourteen business days,
3 using the debtor's preferred contact method, of the additional
4 information required to complete the statement of coerced debt
5 and of the adequate documentation requirement. If the creditor
6 provides this notice orally, the creditor shall inform the
7 debtor of the option to receive the notice in writing.

8 F. A creditor who provides a debtor with a model
9 form provided by the financial institutions division of the
10 regulation and licensing department shall be deemed to have met
11 notice requirements provided for in Subsection A of this
12 section.

13 G. All written notices under this section shall be
14 provided to all debtors in both English and Spanish. If the
15 creditor provides oral interpretation services or otherwise
16 communicates with the debtor in any language other than
17 English, the creditor shall provide the notice, orally or in
18 writing, required under this subsection to the debtor in the
19 debtor's preferred language.

20 H. In connection with any communication related to
21 a debtor's statement of coerced debt, a creditor:

22 (1) shall only use the contact information
23 that the debtor provides in the statement of coerced debt to
24 contact the debtor and shall not use any other contact
25 information; and

(2) shall maintain confidential the information of a debtor alleging coerced debt and shall not provide the contact information of the debtor or a copy of the statement of coerced debt or supporting information to an alleged perpetrator of coerced debt or another person but may summarize the allegations about how the coerced debt was incurred in order to collect the debt from the perpetrator.

SECTION 5. [NEW MATERIAL] DUTY OF THE FINANCIAL INSTITUTIONS DIVISION OF THE REGULATION AND LICENSING DEPARTMENT.--Not later than one hundred eighty days after the effective date of the Civil Relief from Coerced Debt Act, the financial institutions division of the regulation and licensing department shall publish a model form for creditors to provide to debtors for use in submitting a statement of coerced debt to the creditor in English and Spanish.

SECTION 6. [NEW MATERIAL] CIVIL REMEDIES.--

A. A debtor may raise as a defense in any forum and by any allowable procedure that a particular debt, or portion thereof, is coerced debt.

B. A debtor establishes a *prima facie* case that a debt is coerced debt by providing a statement of coerced debt that meets the requirements of Subsection B of Section 3 of the Civil Relief from Coerced Debt Act. If the creditor has a good-faith basis to believe that the debt is not coerced debt, the creditor may seek a court order in a court of competent

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1 jurisdiction declaring the debt is not a coerced debt. In such
2 a suit, the creditor has the burden to disprove that the debt
3 is coerced debt.

4 C. A creditor may use all legal rights and remedies
5 to collect a coerced debt from a perpetrator of coerced debt.

6 D. In any court action, the presiding court shall
7 take appropriate steps necessary to protect the debtor or an
8 immediate family member of the debtor from an alleged
9 perpetrator of coerced debt by sealing court records, redacting
10 personally identifiable information about the debtor and any
11 immediate family member of the debtor and directing that any
12 deposition or evidentiary hearing be conducted remotely.

13 E. Any creditor who fails to comply with any
14 provision of Section 4 of the Civil Relief from Coerced Debt
15 Act is liable to the debtor in an amount equal to the sum of:

16 (1) all actual damages sustained by the debtor
17 as a result of such noncompliance;

18 (2) in the case of any action by an
19 individual, such additional damages as the court may allow, but
20 not exceeding five thousand dollars (\$5,000) per violation
21 indexed annually for inflation or, in the case of a class
22 action, the amount for each named plaintiff that could be
23 recovered under Paragraph (1) of this subsection and an amount
24 that the court may allow for all other class members, without
25 regard to a minimum individual recovery, not to exceed the

lesser of five hundred thousand dollars (\$500,000) indexed annually for inflation or one percent of the net worth of the debt collector;

(3) court costs and reasonable attorney fees as determined by the court; and

(4) punitive damages if the court finds that a creditor's noncompliance was willful.

F. The provisions of the Civil Relief from Coerced Debt Act apply to lawsuits filed in this state, regardless of whether a related contract provides that the law of another state is chosen.

SECTION 7. [NEW MATERIAL] APPLICABILITY.--

A. The Civil Relief from Coerced Debt Act:

(1) applies to a creditor who attempts to evade that act's applicability by any device, subterfuge or pretense; and

(2) does not:

(a) apply to debt secured by real property; or

(b) diminish the rights of a creditor to recover payment for a coerced debt from a perpetrator of coerced debt.

B. The Civil Relief from Coerced Debt Act does not reduce or eliminate any other rights or defenses available to a debtor or creditor. In the event of an inconsistency between

1 debtor-creditor laws and that act, that act prevails to the
2 extent of the inconsistency.

3 C. An agreement between a debtor and any other
4 person shall not contain a provision that constitutes a waiver
5 of any right conferred or cause of action created by the Civil
6 Relief from Coerced Debt Act, and any such waiver is void.

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