

SENATE BILL REPORT

SB 5065

AS REPORTED BY COMMITTEE ON LAW & JUSTICE, FEBRUARY 10, 1993

Brief Description: Enforcing judgments by garnishment.

SPONSORS: Senator A. Smith

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: That Substitute Senate Bill No. 5065 be substituted therefor, and the substitute bill do pass.

Signed by Senators A. Smith, Chairman; Quigley, Vice Chairman; Hargrove, Niemi, Rinehart, and Spanel.

Staff: Tom Fender (786-7414)

Hearing Dates: January 19, 1993; February 10, 1993

BACKGROUND:

Garnishment is a procedure whereby a judgment creditor seeks to subject their claim against property or money held by a third party. The most common garnishees are employers and banks holding funds of the judgment debtor.

The Washington State Bar Section on Creditor-Debtor relations has researched the law of all 50 states. It appears from this examination that the majority of states allow a debtor to exempt 75 percent of their net disposable income from garnishment action. Washington's current calculation provides for the exemption of the greater of 75 percent of wages or 30 times the federal minimum wage, which is a minimum required under federal law. Prior to 1987, a third alternative was to allow the exemption of 40 times the state minimum wage.

Further, several states allow debtors to exempt amounts greater than 75 percent of disposable earnings with showings that the wages are reasonably necessary for support. In most cases these considerations are based on the debtor's duties to support his or her dependent children prior to determining the amount a judgment creditor may garnish.

SUMMARY:

An alternative calculation is provided of 40 times the state minimum hourly wage that would be subject to exemption from garnishment and an additional \$50 per week for each dependent child residing with the debtor. Account amounts of up to \$1,000 are exempt. Financial institutions are relieved of the duty to hold amounts less than \$100 which are subject to a writ of garnishment over 60 days.

EFFECT OF PROPOSED SUBSTITUTE:

In wage garnishment the federal minimum hourly wage shall be maintained as the rate, but that the amount exempt from garnishment increased to 40 times per week. Accounts of up to \$1,000 are exempt and financial institutions are relieved of duty to hold amounts less than \$100 subject to garnishment over 60 days.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

These modest increases will assist low-income wage earners in maintaining sufficiency.

TESTIMONY AGAINST:

The present standard affords sufficient protection.

TESTIFIED: Frank Lamb, Mark Gjurasic, Bill Pratt, Washington Collectors Assn. (con); Susan Stanley, WSBA (pro); Lew McMurrin, Household International (con); Marvin E. Smith, COBCO