SENATE BILL REPORT
HB 1525

As Passed Senate, April 3, 2021

Title: An act relating to enforcement of judgments.

Brief Description: Concerning enforcement of judgments.

Sponsors: Representatives Walen, Hansen, Simmons and Slatter.

Brief History: Passed House: 2/26/21, 97-0.
Committee Activity: Law & Justice: 3/22/21, 3/25/21 [DP].
Floor Activity: Passed Senate: 4/3/21, 46-0.

Brief Summary of Bill

- Establishes automatic protection from attachment, execution, and garnishment for certain funds held by financial institutions.
- Requires writs of garnishment to include instructions to financial institutions directing such institutions to comply with the automatic protections.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.
Signed by Senators Pedersen, Chair; Dhingra, Vice Chair; Padden, Ranking Member; McCune, Assistant Ranking Member; Darneille, Holy, Kuderer, Salomon and Wagoner.

Staff: Tim Ford (786-7423)

Background: A creditor may seek enforcement of a debt owed by a debtor through execution, attachment, or garnishment of the debtor's property. Execution is the process for enforcing a court judgment for the payment of money or property by levying on the judgment debtor's property. Attachment is a process that allows a plaintiff in a court action

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to ask the court to attach the defendant's property during the pendency of the action as security for satisfaction of a judgment that may be rendered in favor of the plaintiff. Garnishment allows a creditor to reach a debtor's property that is held by a third person, such as a bank or an employer.

Washington law entitles debtors to claim certain funds exempt from attachment, execution, and garnishment depending on the nature of the debt such as the following:
- for private student loan debt, $2,500 is eligible for exemption;
- for consumer debt, $2,000 is eligible for exemption; and
- for all other debts, $500 is eligible for exemption.

To gain the benefit of an exemption against garnishment, the debtor must proactively file an exemption claim and mail the same to the creditor within 28 days of the date stated on the writ of garnishment. The deadline to file claimed exemptions may be extended up to 21 days. The creditor may object to claimed exemptions, in which case the court will hold a hearing to determine the validity of the exemptions.

Summary of Bill: Certain funds held in bank accounts, savings and loan accounts, stocks, bonds, or other securities, are given automatic protection from garnishment, attachment, and execution as follows:
- private student loan debt, $1,000 in value is automatically protected;
- consumer debt, $1,000 in value is automatically protected; and
- all other debts, $500 in value is automatically protected.

A writ of garnishment must contain instructions to financial institutions directing them to comply with the automatic protections and release protected funds to the debtor. The financial institution is directed to only hold funds for the creditor if the debtor's accounts contain value in excess of the automatically protected total.

This act expires July 1, 2025.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This creates a small amount of automatically protected funds. The bill sunsets in four years. Having your bank account garnished is a shock. It is a harsh remedy to freeze a bank account. Many people are not filing for the current exemption. This bill would create a self executing exemption. This bill is fair for consumers and collectors. Certain funds like Social Security are already exempt. This bill protects assets that are already exempt.

Persons Testifying: PRO: Representative Amy Walen, Prime Sponsor; Antonio Ginatta, Columbia Legal Services; Kelsi Hamilton, Washington Collectors Association; Shaun Scott, Statewide Poverty Action Network.

Persons Signed In To Testify But Not Testifying: No one.