
Civil Rights & Judiciary Committee

ESSB 5173

Brief Description: Concerning property exempt from execution.

Sponsors: Senate Committee on Law & Justice (originally sponsored by Senators Stanford, Hasegawa, Kuderer, Pedersen, Saldaña and Trudeau).

Brief Summary of Engrossed Substitute Bill

- Modifies and increases the maximum value of certain exemptions from execution, attachment, and garnishment.
- Provides that, in the case of married persons, each spouse is entitled to their own exemptions, which may be taken separately or combined.
- Requires automatic adjustment to the maximum value of each exemption every three years based on the Consumer Price Index.

Hearing Date: 3/21/23

Staff: John Burzynski (786-7133).

Background:

Attachment, execution, and garnishment are legal procedures a creditor can use to enforce their right to obtain payment of a debt. More specifically:

- Attachment is a legal process by which a plaintiff may secure the property of a defendant, at the time of commencing a legal action, to secure any judgment the plaintiff may recover.
- Execution is a legal process by which a judgment creditor may enforce a judgment against the judgment debtor by requiring payment of money or delivery of property.
- Garnishment is a legal process by which a judgment creditor may recover funds owed by a judgment debtor by compelling third parties to divert to the creditor certain funds owned

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

by or owed to the debtor (e.g., funds held in bank accounts or wages paid by an employer).

Washington law allows debtors to claim certain funds as exempt from attachment, execution, and garnishment. A number of exemptions are available to individuals or, for spouses maintaining a single household, to the marital community as a whole.

Exemptions exist for:

- wearing apparel, not to exceed \$3,500 in value in furs, jewelry, and personal ornaments;
- private libraries including electronic media, not to exceed \$3,500 dollars in value, and all family pictures and keepsakes;
- a cell phone, personal computer, and printer;
- households goods, appliances, furniture, home and yard equipment, and fuel for comfortable maintenance, not to exceed \$6,500 in value for an individual or \$13,000 in value for a marital community, with no single item to exceed \$750 in value;
- other personal property, excluding personal earnings, not to exceed \$3,000 in value, of which no more than \$1,500 may consist of cash;
- a motor vehicle used for personal transportation for an individual, not to exceed \$3,250 in value; or two motor vehicles used for personal transportation for a marital community, not to exceed \$6,500 in value;
- past due, current, or future child support paid or owed to the debtor;
- professionally prescribed health aids;
- the right to or proceeds of a personal injury award, not to exceed \$20,000, not including pain and suffering or compensation for actual pecuniary loss; or the right to or proceeds of a payment in compensation of loss of future earnings to the extent reasonably necessary for support;
- specific tools and supplies relevant to farmers, physicians, surgeons, attorneys, clergy, and other professionals (e.g., farm equipment, seed, libraries, office equipment, etc.) not to exceed \$10,000 in value; and for all others, all tools, instruments, and materials used to carry on a trade for the support of one's self or family, not to exceed \$10,000 in value;
- qualifying tuition units; and
- workers' compensation payments, but only before the issuance and delivery of payment.

The underlying statute governing most exemptions was amended in 2021 with temporary changes that will expire on July 1, 2025, after which the 2019 version of the statute is scheduled to come back into effect.

Summary of Bill:

Exemptions for Spouses.

Each spouse is entitled to his or her own exemptions to execution, attachment, and garnishment. A couple may combine exemptions or take them separately. Distinct maximum exemption values for marital communities are removed.

Exemption Modifications.

Specific exemptions to execution, attachment, and garnishment are modified and increased:

- The exemption maximum for household goods, appliances, furniture, home and yard equipment, and fuel for comfortable maintenance is maintained at \$6,500. The limitation that no single item may exceed \$750 in value is removed.
- The exemption maximum for other personal property is increased from \$3,000 to \$10,000 in a bankruptcy case. The \$3,000 maximum is retained outside of bankruptcy. The limitation that no more than \$1,500 in value may consist of cash is removed.
- The exemption maximum for a motor vehicle is increased from \$3,250 to \$15,000. The requirement that the vehicle be used for personal transportation is removed.
- The exemption maximum for qualifying personal injury awards and compensation for loss of future earnings is removed in a bankruptcy case. Such awards and compensation are free from the claims of creditors, except to satisfy liens or subrogation claims arising out of the claims for personal injury or death.
- The exemption maximum for trade tools, instruments, and materials is increased from \$10,000 to \$15,000. The exemption is extended to cover supplies. The requirement that the trade be carried on for the support of one's self or family is removed. Exemptions for certain kinds of property for specific professions are removed.
- The exemption for workers' compensation payments is extended to apply after issuance and delivery of payment.

Automatic Adjustment of Exemptions.

Beginning in April 2026 and every three years thereafter, the Department of Revenue must adjust the dollar value of each exemption based on changes in the Consumer Price Index seasonally adjusted for all urban consumers, unless the adjustment would reduce the exemption amounts.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains multiple effective dates. Please see the bill.