

# SENATE BILL REPORT

## SB 5651

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As of February 26, 2025

**Title:** An act relating to increasing the amount exempt from garnishment in nonbankruptcy cases.

**Brief Description:** Increasing the amount exempt from garnishment in nonbankruptcy cases. [  
**Revised for 1st Substitute:** Concerning exemptions from garnishment.]

**Sponsors:** Senators Alvarado, Valdez, Cortes, Nobles, Salomon, Slatter, Stanford and Trudeau.

**Brief History:**

**Committee Activity:** Law & Justice: 2/10/25, 2/13/25 [DPS-WM, DNP, w/oRec].  
Ways & Means: 2/26/25.

**Brief Summary of First Substitute Bill**

- Increases the amount of personal property that is exempt from execution, attachment, and garnishment in nonbankruptcy proceedings.
- Requires regular adjustments of exempt personal property amounts according to the consumer price index.

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### SENATE COMMITTEE ON LAW & JUSTICE

**Majority Report:** That Substitute Senate Bill No. 5651 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Dhingra, Chair; Fortunato, Lovick, Salomon and Valdez.

**Minority Report:** Do not pass.

Signed by Senator Wagoner.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Trudeau, Vice Chair; Holy, Ranking Member; Torres.

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*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.*

**Staff:** Patrick Moore (786-7535)

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## SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Tianyi Lan (786-7432)

**Background:** Execution, attachment, and garnishment are legal processes that allow creditors to collect debts from debtors by taking their property and income. Certain types and amounts of property are protected from such collections by laws known as exemptions. Some exemptions, such as those pertaining to bank accounts, have automatic protections which direct financial institutions to not freeze certain amounts or release them to creditors. Exemptions do not apply to some types of collections such as criminal restitution and child support.

Clothing and apparel are generally exempt but only up to \$3,500 in value as to furs, jewelry, and personal ornaments. Private libraries including electronic media are generally exempt up to \$3,500 in value. Family pictures and keepsakes are generally exempt without a value limit. Household goods are generally exempt up to \$6,500 in value. A single cell phone, personal computer, and printer are also generally exempt.

In bankruptcy cases, in addition to the above exemptions, other personal property besides personal earnings are exempt up to \$10,000 in value. In nonbankruptcy cases, certain amounts in bank accounts and other financial instruments such as stocks and bonds are exempt according to the type of debt involved. For private student loan debt, up to \$2,500 value is exempt. For consumer debt, \$2,000 value is exempt. For all other debts, \$500 value is exempt.

**Summary of Bill (First Substitute):** The amount of personal property that is exempt from execution, attachment, and garnishment in nonbankruptcy proceedings is increased from \$3,000 to \$6,000. Of this exempt amount, the amount that may consist of financial accounts and securities is increased to \$5,000.

The existing differences of exempt amounts based on whether the underlying debt is private student loan debt, consumer debt, or other debt are made the same. The automatic protection that pertains to this exemption is continued in effect beyond July 1, 2025, when it would otherwise expire. Beginning April 1, 2027, the amounts of this personal property exemption are to be adjusted every three years by the Department of Revenue. The adjustment shall reflect changes in the consumer price index.

Alimony and spousal support payments are exempted from collections actions.

**EFFECT OF CHANGES MADE BY LAW & JUSTICE COMMITTEE (First Substitute):**

- Exempts alimony and spousal support payments from collections actions.
- Amends bill title.

**Appropriation:** None.

**Fiscal Note:** Available.

**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 on Original Bill (Law & Justice):** *The committee recommended a different version of the bill than what was heard.* PRO: This bill is about letting people keep a modest amount of money in their bank account when facing garnishment so they can cover necessities rather than have that money go to billion-dollar debt-collection agencies. It is bad for everyone when people slip into poverty; they become more reliant on public services. This is a safety net that protects people from poverty.

The exemptions that lack automatic protection are not known to many and difficult to access, so they do not get the benefit. Two thousand dollars is not enough to get by in Washington. This bill protects against predatory collection efforts. These protections are more important now than ever, given record inflation, junk fees, and \$17 trillion in consumer debt. Communities of color are disproportionately burdened by debt and collections. Many other states have stronger protections against garnishment than Washington.

CON: This bill goes too far and is unfair to responsible businesses and consumers. This bill's exemption would make it difficult to collect from debtors that are able to pay. Protections should be based on individual consumer need by allowing court discretion according to circumstances. Creditors and collectors would be agreeable to removing the present sunset clause and allowing the automatic exemption to become permanent.

The people this bill claims to protect will be hurt the most. SB 5651 will reduce credit availability and increase borrowing costs, leading to fewer financial opportunities and causing lower income people to turn to alternative products like pawnbrokers, loan sharks, and title loans. This bill will disincentive lenders from doing business here.

OTHER: Many people do not know about collection lawsuits until after default judgment is entered and their wages or bank accounts are garnished. Judgments in Washington can last up to 20 years, collecting interest at nine percent annually. The exemptions that lack automatic protection are not known to many and difficult to access, so they do not get the benefit of those.

**Persons Testifying (Law & Justice):** PRO: Senator Emily Alvarado, Prime Sponsor;

Amanda Martin, NW Consumer Law Center; Sam Leonard, WA State Association for Justice; Molly Gallagher, Statewide Poverty Action Network; Adam Eitmann, Washington State Office of the Attorney General.

CON: Gwen Turner, WA Collectors Association; Mindy Chumbley, WA Collectors Association; Franci Wayland, Receivables Management Association International (RMAI).

OTHER: Julia Kellison, NW Justice Project.

**Persons Signed In To Testify But Not Testifying (Law & Justice):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This is a critical bill that protects working families from poverty. Certain existing protections expire in July this year which will harm Washingtonians. States with a lower cost of living than Washington have already recognized the need for higher exemptions. Excluding the Department of Revenue from these garnishment protections will eliminate any fiscal impact to the state.

CON: This bill undermines financial accountability and results in less credit availability and higher costs for credit to consumers, which hurts those who are most vulnerable by reducing access to services. It also essentially eliminates the ability for creditors to collect on valid, court-ordered judgments and disregards recent stakeholder work. It is critical to keep reasonable levels of bank garnishment to keep credit available. Studies show that restrictions on garnishment reduce access to credit. More stakeholder work is needed. The Legislature enacted a 300 percent increase to garnishment exemptions in 2019. This bill would raise that increase to 900 percent over the past six years. It treats millionaires the same as a mom on public assistance. There is no statistical evidence justifying the need for this increase.

**Persons Testifying (Ways & Means):** PRO: Amanda Martin, Northwest Consumer Law Center.

CON: Gwen Turner, Washington Collectors Association; David Reid, Receivables Management Association International; Diana Carlen, PRA Group Inc.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.