SB 519 A STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 4/24, 5/6

WHAT THE MEASURE DOES:
Increases the minimum amount guaranteed an employee whose earnings are garnished.

Fiscal statement issued.

Minimal revenue impact.

ISSUES DISCUSSED:
- Practice of tying minimum earnings guaranteed to federal minimum wage, which was last increased in 2009
- Practice of some states to establish minimum earnings guaranteed through formula written in statute

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
Courts impose financial obligations through judgments. "Debtors" are those required to pay money, and "creditors" are those granted a money award. Creditors can enforce judgments using a procedure called garnishment. Garnishment requires a debtor's employer to withhold the employee's earnings in order to pay the creditor. The employer apportions earnings between the employee and the creditor using a statutory formula. The formula guarantees a minimum amount per paycheck to the debtor employee, while the creditor is entitled to a percentage of the employee's earnings until the debt is paid. The maximum amount of wages subject to garnishment is generally 25 percent of the employee's post-tax earnings so long as the employee is left with a minimum amount of $218 per week after the garnishment. This minimum was set in 2011 (House Bill 2682).

Senate Bill 519-A increases the minimum amount guaranteed an employee whose earnings are garnished.

Current	SB 519-A	Pay period
$218	**$254**	one week
$435	**$509**	two-week
$468	**$545**	half-month
$936	**$1,090**	one-month

Senate vote: 30-0

Senate Workforce Committee: 5-0