

Background

The Department of Revenue collects both tax and non-tax debt owed to the state. Debts owed to other state agencies are assigned to Revenue for collections. Garnishments are one tool that Revenue utilizes to collect debt owed to the state.

Revenue issues two types of garnishments—one for tax debt and another for non-tax debt.

Garnishments for non-tax debt are subject to a minimum wage exemption which aims to ensure that individuals whose wages have been garnished, take home at least a certain amount of wages.

Garnishments for tax debt are not subject to the minimum wage exemption, but state law limits the amount that can be garnished to 25% of take-home wages.

Expected Amendments

Senate Bill 1595 increases protections from debt collection by increasing certain exemptions from garnishment and execution. The bill also changes some laws related to bad debt collection practices.

Start date for new minimum wage exemption amounts

The bill increases the minimum wage exemption amounts affecting garnishments issued by Revenue for non-tax debt. As drafted, the bill indicates that the increased protections apply to wages paid on or after July 1, 2024.

To allow time for garnishment forms and agency systems to be updated, the proponents of the bill have indicated that the start date will be changed to January 1, 2025.

Minimum wage exemption amounts

The bill connects the minimum wage garnishment exemption to Oregon's standard minimum wage (ORS 653.025 (1)). As currently written, gross wages, up to the standard minimum wage amount, would be exempt from garnishment.

The proponents of the bill have indicated that the minimum wage garnishment exemption amounts will be changed to reflect net wages instead of gross wages.

Effective and operational date

As drafted, SB 1595 has an effective date of 91 days after sine die. This does not allow sufficient time for forms and systems to be updated to comply with the provisions of the bill.

The proponents of the bill have indicated the bill will be amended with an emergency clause for the effective date, and will set a January 1, 2025 operational date for the provisions of the bill related to garnishments.

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