

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 0 - 1

Yeas: Beyer, Kruse, Walker, Burdick

Nays: 0

Exc.: Prozanski

Prepared By: Matt Kalmanson, Counsel

Meeting Dates: 1/24, 4/4

WHAT THE MEASURE DOES: Establishes that wages are not subject to garnishment if: (a) the employer-garnishee has contracted with a financial institution or other party to act as a payroll administrator; (b) the employer pays the employee-debtor's wages by direct deposit or by an instrument issued directly to the employee by the payroll administrator; (c) the employer issued instructions to the payroll administrator to pay the employee's wages before receiving the "writ" of garnishment; and (d) the writ is delivered within two days before the employee's normal payday, or after the period when the employer is able to cancel the instruction to pay the debtor.

ISSUES DISCUSSED:

- Law of garnishment in Oregon
- Logistical issues employers face when served a writ of garnishment if they use direct deposit services or a third-party to administer their payroll
- Definition of third-party administrator
- Employers' duties to comply with writ of garnishment under bill
- Relationship between wage exemptions and the federal poverty line

EFFECT OF COMMITTEE AMENDMENT: Deletes the prerequisites, described above, for excluding wages for garnishment. Establishes that wages are not subject to garnishment if: (1) the writ is delivered within two business days before the debtor's normal payday; (2) the debtor's wages are paid by direct deposit to a financial institution or the garnishee uses the Oregon Department of Administrative Services or an independent contractor as payroll administrator; and (3) the garnishee issued instructions to the financial institution or payroll administrator to pay the debtor before the writ was delivered to the garnishee. Increases the amount of disposable earnings that are exempt from execution to conform amounts with the federal poverty line.

BACKGROUND: SB 303 reconciles the garnishment statute with the fact that many employers offer direct deposit options to their employees and/or contract with third-party payroll administrators. In those situations, the employer must give the administrator instructions regarding the amount of money owed the employee before the wages are transferred to the employee. ORS 18.625 states that all wages that are owed by the employer to the employee-debtor are subject to garnishment, which might include these wages, even though the employer might not be able to change the instructions to the administrator. SB 303 provides an exception to the garnishment requirements in these circumstances. The amendments also increase the amounts exempt from garnishment to conform with the federal poverty line.