

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass with amendments to the A-Engrossed Measure. (Printed B-Engrossed)

Vote: 5 – 0 – 0

Yeas: Atkinson, Beyer, Burdick, Ferrioli, Rosenbaum

Nays: 0

Exc.: 0

Prepared By: Erin Seiler, Administrator

Meeting Dates: 5/12

WHAT THE MEASURE DOES: Requires financial institution to perform garnishment account review of accounts of debtor when financial institution receives writ of garnishment for purpose of determining whether certain protected payments have been deposited in debtor’s account during specified lookback period. Clarifies state public assistance and unemployment compensation payments protected from garnishment are payments from state of Oregon or agency of state of Oregon. Requires financial institution to ensure that debtor has full customary access to protected amounts in account and to give notice to account holder of results of garnishment account review. Provides that requirements do not apply if Notice of Right to Garnish Federal Benefits from U.S. Government or state child support enforcement agency is attached to or included in writ of garnishment. Creates separate sections for liability protection and recording requirements. Prescribes form of notice to debtor. Applies only to garnishments received after operative date, and establishes operative date as 30 days after effective date of the bill. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Process for garnishment of debtor bank accounts
- Alignment of Oregon law with new federal rule affecting garnishments of certain federal benefits
- Inconsistencies in current state law and new federal rule
- Ability of Oregon financial institutions to comply with new federal rule

EFFECT OF COMMITTEE AMENDMENT: Clarifies state public assistance and unemployment compensation payments protected from garnishment are payments from state of Oregon or agency of state of Oregon, rather than any other state. Clarifies Instructions for Garnishee and Notice to Debtor. Clarifies that garnishment protection account review process does not apply when there is Notice of Right to Garnish Federal Benefits from U.S. Government or state child support enforcement agency attached to garnishment. Creates separate sections for liability protection and recording requirements in order to make liability and recording provisions more broadly applicable to entire process of handling garnishments of protected amounts. Clarifies applicability only to garnishments received after operative date, and establishes operative date as 30 days after effective date of the measure.

BACKGROUND: Oregon currently protects up to one month of electronically-deposited state and federal benefits from garnishment, including Social Security, veterans’ benefits, unemployment, workers’ compensation, Temporary Assistance for Needy Families (TANF), state and federal retirement funds, and federal black lung benefits. On May 1, 2011, new federal regulations will increase the amount protected, to two months-worth of electronically-deposited benefits, but this will only apply to Social Security, veterans’ benefits, federal retirement, and railroad retirement.

Senate Bill 926-B extends the same protection to the other state and federal benefits already protected by Oregon law, namely unemployment payments, workers’ compensation payments, TANF, state retirement funds, and federal black lung benefits.

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This summary has not been adopted or officially endorsed by action of the committee.