

SB 519 -1 STAFF MEASURE SUMMARY

Senate Committee On Workforce

Prepared By: Ellen Osoinach, LPRO Analyst

Meeting Dates: 2/28, 3/7

WHAT THE MEASURE DOES:

Increases the minimum amount guaranteed an employee whose earnings are garnished.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Decreases amount of guaranteed minimums contained in original bill

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