

HOUSE BILL REPORT

HB 2463

As Reported By House Committee On:

Law & Justice

Title: An act relating to processing fees for writs of garnishments that are not writs for continuing lien on earnings.

Brief Description: Prescribing garnishee's processing fees.

Sponsors: Representatives Sheahan, Costa and Mulliken.

Brief History:

Committee Activity:

Law & Justice: 1/21/98, 1/23/98 [DP].

HOUSE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass. Signed by 13 members: Representatives Sheahan, Chairman; McDonald, Vice Chairman; Sterk, Vice Chairman; Costa, Ranking Minority Member; Constantine, Assistant Ranking Minority Member; Carrell; Cody; Kenney; Lambert; Lantz; Mulliken; Robertson and Sherstad.

Staff: Trudes Hutcheson (786-7384).

Background: There are several ways a creditor can satisfy a judgment against a debtor. The garnishment process is a remedy that allows a creditor to obtain the debtor's property that is in the possession of a third party. The third party is referred to as the garnishee— and has certain rights and obligations.

The garnishee may be an employer, if the creditor seeks to garnish a debtor's wages. The creditor may serve an employer with a writ of garnishment called a writ of continuing lien on earnings— that allows the creditor to garnish a portion of the debtor's wages each pay period for a limited time.

Financial institutions, such as banks, may also be garnishees, when the creditor seeks to garnish a debtor's funds in a bank account. The creditor will serve a financial institution with a general writ of garnishment that orders the garnishee defendant to hold a specified amount for the creditor.

When a garnishee is served with a writ of garnishment, the garnishee must respond within a certain time by serving an answer— on the creditor. The answer must state how much the garnishee owes the debtor and list the debtor's property that is in the garnishee's possession or control.

Prior to the 1997 legislative session, creditors were required to serve garnishees with a \$10 processing or answer fee, along with the writ of garnishment and other information. Last year the Legislature passed ESHB 1687, which amended certain sections of the garnishment statutes to allow garnishees receiving writs of continuing lien on earnings to collect a \$20 processing or answer fee. However, ESHB 1687 did not make the distinction between writs of garnishments and writs of continuing lien on earnings for the purposes of charging a processing fee. It is currently unclear under the statutes whether garnishees, such as financial institutions, receiving general writs of garnishments may collect a processing or answer fee.

Summary of Bill: The legislative intent in the garnishment chapter is amended to reference broader garnishment situations other than just the garnishment of an employee's wages. Garnishees receiving writs of garnishments that are not writs of continuing lien on earnings are entitled to a \$20 processing or answer fee in the form of a check or money order.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: This bill will give all garnishees some funds to help defray the cost of processing writs. Garnishees perform a service to creditors. This bill makes the law consistent for employers and nonemployer garnishees regarding processing fees.

Testimony Against: None.

Testified: Scott Gaspard, Washington Savings League (pro).