

SENATE BILL REPORT

SB 5947

As of February 1, 2022

Title: An act relating to property exempt from execution.

Brief Description: Concerning property exempt from execution.

Sponsors: Senators Stanford, Das, Dhingra, Keiser, Kuderer, Lias, Lovelett, Saldaña, Trudeau, Wellman and Wilson, C..

Brief History:

Committee Activity: Law & Justice: 2/01/22.

Brief Summary of Bill

- Increases the value limit for certain exemptions of personal property from execution, attachment, and garnishment.
- Clarifies that in the case of married persons, each spouse is entitled to the exemptions of personal property from execution, attachment, and garnishment.
- Requires that each dollar amount be adjusted every three years to reflect changes in the consumer price index for all urban consumers.
- Exempts worker's compensation payments from execution, attachment, or garnishment.

SENATE COMMITTEE ON LAW & JUSTICE

Staff: Ryan Giannini (786-7285)

Background: A creditor may seek enforcement of a debt owed by a debtor through execution, attachment, or garnishment of the debtor's property.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Execution is the legal process for enforcing a court judgment for the payment of money or property by levying on the judgment debtor's property.

Attachment is a legal process that allows a plaintiff in a court action to ask the court to attach the defendant's property during the pendency of the action as security for satisfaction of a judgment that may be rendered in favor of the plaintiff.

Garnishment is a legal process by which a judgment creditor may recover funds owed by a judgment debtor by compelling third parties to divert to the creditor certain funds owned by or owed to the debtor, such as funds held in the debtor's bank accounts or the debtor's wages held by an employer.

Washington law entitles individual debtors or households to claim certain property as exempt from execution, attachment, and garnishment:

- all wearing apparel of every individual and family, but not to exceed \$3,500 in value in furs, jewelry, and personal ornaments for any individual;
- all private libraries including electronic media, but not to exceed \$3,500 in value;
- a cell phone, personal computer, and printer;
- to each individual or household, household goods, appliances, furniture, and home and yard equipment not to exceed \$6,500 in value for individuals or \$13,000 for households, where no single item exceeds \$750 in value;
- to each individual or household, other personal property, except personal earnings, not to exceed \$3,000 in value of which not more than \$1,500 in value may consist of cash;
- for an individual, a motor vehicle used for personal transportation, not to exceed \$3,250;
- for a household, two motor vehicles used for personal transportation, not to exceed \$6,500 in aggregate value;
- any past due, current, or future child support paid or owed to the debtor;
- all professionally prescribed health aids for the debtor or a dependent of the debtor;
- to any individual, the right to or proceeds of a payment not to exceed \$20,000 on account of personal bodily injury of the debtor or an individual of whom the debtor is a dependent, or the right to or proceeds of a payment in compensation of loss of future earnings of the debtor or an individual of whom the debtor is or was a dependent;
- to an individual farmer, farm trucks, farm stock, farm tools, farm equipment, supplies and seed, not to exceed \$10,000 in value;
- to a physician, surgeon, attorney, member of the clergy, or other professional person, the individual's library, office furniture, office equipment and supplies, not to exceed \$10,000 in value;
- to any other individual, the tools and instruments and materials used to carry on their trade, not to exceed \$10,000 in value; and
- tuition units, purchased more than two years prior to the date of bankruptcy filing or court judgment.

No money paid or payable under worker's compensation shall, before the issuance and delivery of the payment, be assigned, charged, or taken in execution, attached, or garnished, or pass or be paid to any other person.

Summary of Bill: An individual may claim the following property as exempt from execution, attachment, and garnishment:

- all wearing apparel of every individual and family, but not to exceed \$3,500 in value in furs, jewelry, and personal ornaments for any individual;
- all private libraries including electronic media, but not to exceed \$3,500 in value;
- a cell phone, personal computer, and printer;
- all household goods, appliances, furniture, and home and yard equipment not to exceed \$6,500 for the individual;
- in a bankruptcy case, any other personal property, except personal savings, not to exceed \$10,000 in value determined as of the date the bankruptcy petition is filed;
- other than in a bankruptcy case, other personal property, except personal earnings, not to exceed \$3,000 in value;
- a motor vehicle not to exceed \$15,000 in aggregate value;
- any past due, current, or future child support paid or owed to the debtor;
- all professionally prescribed health aids for the debtor or a dependent of the debtor;
- to any individual, the right to or proceeds of a payment not to exceed \$20,000 of personal bodily injury of the debtor or an individual of whom the debtor is a dependent, or the right to or proceeds of a payment in compensation of loss of future earnings of the debtor or an individual of whom the debtor is or was a dependent;
- in a bankruptcy case, the right to or proceeds of personal injury of the debtor or an individual of whom the debtor is a dependent, or, the right to or proceeds of a payment in compensation of loss of future earnings of the debtor or an individual of whom the debtor is or was a dependent which will be free of the enforcement of the claims of creditors, except to the extent such claims are for the satisfaction of any liens or subrogation claims arising out of the claims for personal injury or death;
- the tools, instruments, materials, and supplies used to carry on their trade not to exceed \$15,000 in value; and,
- tuition units, purchased more than two years prior to the date of bankruptcy filing or court judgment.

In the case of married persons, each spouse is entitled to the exemptions of personal property, which may be combined with the other spouse's exemption in the same property or taken in different exempt property.

Every three years, beginning on April 1, 2022, each dollar amount shall be adjusted to reflect the change in the consumer price index for all urban consumers, rounded to the nearest \$25.

No money paid or payable under worker's compensation shall be assigned, charged, or

taken in execution, attached, or garnished, or pass or be paid to any other person. Worker's compensation payments will retain their exempt status even after issuance.

Appropriation: None.

Fiscal Note: Requested on January 28, 2022.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony: PRO: Exemption levels should be revisited over time and updated to ensure that values are keeping up with inflation and increased costs of living. This bill makes certain that debtors have a secure place to keep money, have the ability to pay rent and utilities, have transportation to get to work, and have food security. This bill will also ensure that medically vulnerable people do not spiral further into poverty by strengthening the safety net for Washington residents. Allowing spouses to have their own exemptions provides more equity and flexibility for spouses in difficult situations. This bill is tailored to keep the balance between creditors and debtors intact.

CON: Adjusting exemption levels based on the urban consumer price index does a disservice to vast regions of the state when there are more balanced indices available. It would be better to periodically review exemption levels rather than automatically raising these levels. Exemptions should not be increased so significantly that creditors lose the ability to utilize bank levies to recover on outstanding debt. Consumers with a need should be helped, but these exemptions apply to everyone without a consideration of their needs. The bill expands on terms that were agreed upon between creditors and consumers just in the past three years. The bill should be paused to allow for stakeholder work on the bill.

Persons Testifying: PRO: Senator Derek Stanford, Prime Sponsor; Aimee Luzier; Nadia Lukjancikova; Christina Henry, Northwest Consumer Law Center.

CON: Kevin Underwood, Washington Collectors Assn; Sonia Gibson, Encore Capital Group; Mindy Chumbley, WA Collectors Assn (WCA).

Persons Signed In To Testify But Not Testifying: No one.