

SEEN MAR 4 1982

SENATE FILE 2230

BY COMMITTEE ON COMMERCE

(FORMERLY SSB 2041)

*Approved (p. 594)*

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the limitation on garnishment.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 642.21, subsection 1, Code 1981, is  
2 amended to read as follows:

3 1. The disposable earnings of an individual shall be are  
4 exempt from garnishment to the extent provided by the federal  
5 Consumer Credit Protection Act, Title III, 15 U.S.C. secs.  
6 1671-1677. ~~The term "Consumer Protection Act" means the Act~~  
7 ~~of Congress approved May 29, 1968, 82 Stat. 163, officially~~  
8 ~~cited as the "Consumer Credit Protection Act, Title III."~~

9 The if an employee's earnings for a calendar year are less  
10 than six thousand times the federal minimum hourly wage  
11 prescribed by the Fair Labor Standards Act of 1938, 29 U.S.C.  
12 sec. 206(a)(1), in effect at the beginning of the calendar  
13 year, then the maximum amount of an the employee's earnings  
14 which may be garnished during any-one that calendar year is  
15 two hundred fifty dollars times the federal minimum hourly  
16 wage prescribed by the Fair Labor Standards Act of 1938 in  
17 effect at the beginning of the calendar year for each judgment  
18 creditor, except as provided in section 627.12.

19 EXPLANATION

20 If an employee earns less than 6000 times the federal  
21 minimum hourly wage in a year, this bill provides that the  
22 maximum which may be garnished from that employee's earnings  
23 in that year by one creditor is 250 times the federal minimum  
24 hourly wage. There would be no annual maximum for other  
25 employees except that provided by federal law, which is based  
26 on the weekly earnings. The Federal Consumer Credit Protection  
27 Act restricts garnishment of earnings in consumer credit cases  
28 to 25% of weekly earnings or the earnings in excess of thirty  
29 times the minimum hourly wage, whichever is less, with  
30 exceptions for court-ordered support payments, bankruptcy,  
31 and state or federal taxes. The bill takes effect July 1  
32 following its enactment.

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SENATE FILE 2230

S-5402

1 Amend Senate File 2230 as follows:

2 1. Page 1, by inserting after line 18 the  
3 following:

4 "Sec. \_\_\_\_ Chapter 642, Code 1981, is amended  
5 by adding the following new section:

6 NEW SECTION. PROHIBITION ON WAGE GARNISHMENT--

7 EXCEPTIONS. Except for alimony and child support  
8 as provided under sections 627.11 and 627.12, an  
9 employee's earnings are not subject to garnishment  
10 for a debt unless, at the time the debt was incurred,  
11 the employer agreed in writing to accept garnishment  
12 if the debt became the basis of a money judgment."

13 2. Renumber as necessary.

S-5402 FILED BY WILLIAM D. PALMER

MARCH 29, 1982

SENATE FILE 2230

S-5403

1 Amend Senate File 2230 as follows:

2 1. By striking all after the enacting clause and  
3 inserting in lieu thereof the following:

4 "Section 1. Section 642.21, subsection 1, Code  
5 1981, is amended to read as follows:

6 1. The disposable earnings of an individual shall  
7 be are exempt from garnishment to the extent provided  
8 by the federal Consumer Credit Protection Act, Title  
9 III, 15 U.S.C. secs. 1671-1677 (1976). ~~The term~~

10 ~~"Consumer Protection Act" means the Act of Congress~~  
11 ~~approved May 29, 1968, 82 Stat. 163, officially cited~~  
12 ~~as the "Consumer Credit Protection Act, Title III."~~

13 The maximum amount of an employee's earnings which  
14 may be garnished during any one calendar year is ~~two~~  
15 ~~hundred-fifty five~~ hundred dollars for each judgment  
16 creditor, except as provided in section 627.12."

S-5403 FILED BY WILLIAM D. PALMER

MARCH 29, 1982

SENATE FILE 2230

S-5277

- 1 Amend Senate File 2230 as follows:
- 2 1. Page 1, line 18, by striking the word "section"
- 3 and inserting in lieu thereof the words and figures
- 4 "section sections 627.11 and".

S-5277 FILED  
MARCH 16, 1982

BY BOB RUSH

SENATE FILE 2230

S-5306

- 1 Amend Senate File 2230 as follows:
- 2 1. Page 1, line 15, by striking the word "~~dollars~~"
- 3 and inserting in lieu thereof the words "dollars for
- 4 each judgment creditor, but if the employee's earnings
- 5 for the calendar year equal or exceed six thousand
- 6 times the federal minimum hourly wage then the maximum
- 7 amount of the employee's earnings which may be
- 8 garnished during that calendar year is two hundred
- 9 fifty".

S-5306 FILED  
MARCH 18, 1982

BY PATRICK J. DELUHERY

SENATE FILE 2230

S-5401

- 1 Amend Senate File 2230 as follows:
- 2 1. Page 1, by inserting after line 18 the
- 3 following:
- 4 "Sec. \_\_\_\_ Chapter 642, Code 1981, is amended
- 5 by adding the following new section:
- 6 NEW SECTION. PROHIBITION ON WAGE GARNISHMENT--
- 7 EXCEPTIONS. An employee's earnings are not subject
- 8 to garnishment except as provided for alimony and
- 9 child support in sections 627.11 and 627.12, and then
- 10 subject to the limits in 15 U.S.C. sec. 1673 (b)(2)."
- 11 2. By renumbering as necessary.

S-5401 FILED  
MARCH 29, 1982

BY WILLIAM D. PALMER