

# House Study Bill 503

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
JUDICIARY BILL BY  
CHAIRPERSON PAULSEN)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to exemptions for certain personal property from  
2 execution by creditors in state court debt collection and  
3 federal bankruptcy actions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5205YC 81  
6 rh/je/5

PAG LIN

1 1 Section 1. Section 627.6, subsections 1, 5, 9, and 13,  
1 2 Code 2005, are amended to read as follows:  
1 3 1. ~~All wearing apparel of the debtor and the debtor's~~  
~~1 4 dependents kept for actual use and the trunks or other~~  
~~1 5 receptacles necessary for the wearing apparel, not to exceed~~  
~~1 6 in value one thousand dollars in the aggregate. In addition,~~  
~~1 7 the~~ The debtor's interest in:  
1 8 a. any Any wedding or engagement ring owned and or  
1 9 received by the debtor or the debtor's dependents on or before  
1 10 the date of marriage. In addition, any interest in one or  
1 11 more wedding or engagement rings owned or received by the  
1 12 debtor and the debtor's dependents after the date of marriage  
1 13 but within two years of the date of execution is issued or an  
1 14 exemption is claimed, not to exceed a value equal to seven  
1 15 thousand dollars in the aggregate minus the amount claimed by  
1 16 the debtor and the debtor's dependents for any other jewelry  
1 17 claimed in paragraph "b".  
1 18 b. All jewelry of the debtor and the debtor's dependents  
1 19 owned or received by the debtor and the debtor's dependents,  
1 20 not to exceed in value two thousand dollars in the aggregate.  
1 21 5. The debtor's interest in all wearing apparel of the  
1 22 debtor and the debtor's dependents kept for actual use and the  
1 23 trunks or other receptacles necessary for the wearing apparel,  
1 24 musical instruments, household furnishings, and household  
1 25 goods and which include, but are not limited to, appliances,  
1 26 radios, television sets, record or tape playing machines,  
1 27 compact disc players, satellite dishes, cable television  
1 28 equipment, computers, software, printers, digital video disc  
1 29 players, video players, and cameras held primarily for the  
1 30 personal, family, or household use of the debtor or a  
~~1 31 dependent of the debtor and the debtor's dependents, not to~~  
1 32 exceed in value two seven thousand dollars in the aggregate.  
1 33 9. Any combination of the following, not to exceed a value  
~~1 34 of five thousand dollars in the aggregate The debtor's~~  
1 35 interest in the following:  
2 1 a. Musical instruments, not including radios, television  
~~2 2 sets, or record or tape playing machines, held primarily for~~  
~~2 3 the personal, family, or household use of the debtor or a~~  
~~2 4 dependent of the debtor.~~  
2 5 b. One motor vehicle, not to exceed in value five thousand  
2 6 dollars in the aggregate.  
2 7 c. b. In the event of a bankruptcy proceeding, the  
2 8 debtor's interest in accrued wages and in state and federal  
2 9 tax refunds as of the date of filing of the petition in  
2 10 bankruptcy, not to exceed one thousand dollars in the  
2 11 aggregate. This exemption is in addition to the limitations  
2 12 contained in sections 642.21 and 537.5105.  
2 13 13. The debtor's interest, not to exceed one hundred  
2 14 thousand dollars in the aggregate, in any cash on hand, bank  
2 15 deposits, credit union share drafts, or other deposits,  
2 16 wherever situated, or other personal property not otherwise  
2 17 specifically provided for in this chapter.

2 18 Sec. 2. Section 627.6, Code 2005, is amended by adding the  
2 19 following new subsection:

2 20 NEW SUBSECTION. 15. The debtor's interest in the  
2 21 following payments reasonably necessary for the support of the  
2 22 debtor or the debtor's dependents:

2 23 a. Payments to or for the benefit of the debtor or the  
2 24 debtor's dependents resulting from the wrongful death of a  
2 25 decedent upon which the debtor or the debtor's dependents were  
2 26 dependent.

2 27 b. Payments compensating the debtor or the debtor's  
2 28 dependents for injuries to the debtor or the debtor's  
2 29 dependents. Such payments shall not include payments for pain  
2 30 and suffering, compensation of actual pecuniary loss, lost  
2 31 wages, psychological or emotional distress, sexual harassment,  
2 32 and employment discrimination.

2 33 EXPLANATION

2 34 This bill relates to exemptions for certain personal  
2 35 property from execution by creditors in state court debt  
3 1 collection and federal bankruptcy actions.

3 2 The bill provides that any exempt wedding or engagement  
3 3 rings owned or received by a debtor and a debtor's dependents  
3 4 after marriage but within two years of the date execution is  
3 5 issued by a creditor or an exemption is claimed by the debtor  
3 6 and the debtor's dependents shall not exceed a value of \$7,000  
3 7 in the aggregate minus up to \$2,000 for any other jewelry  
3 8 claimed by the debtor and the debtor's dependents. The  
3 9 current unlimited exemption for any wedding or engagement ring  
3 10 owned or received by a debtor and a debtor's dependents prior  
3 11 to or on the date of marriage remains intact.

3 12 The bill specifies that the debtor and the debtor's  
3 13 dependents' interest in wearing apparel and household goods,  
3 14 including but not limited to radios, television sets, record  
3 15 or tape playing machines, compact disc players, satellite  
3 16 dishes, cable television equipment, computers, software,  
3 17 printers, digital video disc players, video players, and  
3 18 cameras held primarily for personal, family, and household use  
3 19 of the debtor and the debtor's dependents shall not exceed  
3 20 \$7,000 in the aggregate. Current law separately limits the  
3 21 wearing apparel exemption to \$1,000 and household goods  
3 22 exemption to \$2,000.

3 23 The bill allows a debtor to claim an exemption on a motor  
3 24 vehicle not to exceed a value of \$5,000 in the aggregate.  
3 25 Current law places no limitation on such an exemption.

3 26 The bill increases the amount of the debtor's interest in  
3 27 any cash on hand, bank deposits, credit union share drafts, or  
3 28 other deposits or other personal property from \$100 to \$1,000.

3 29 The bill creates a new exemption relating to a debtor's  
3 30 interest in support payments to include payments to or for the  
3 31 benefit of the debtor and the debtor's dependents resulting  
3 32 from the wrongful death of a decedent upon which the debtor  
3 33 and the debtor's dependents were dependent and payments  
3 34 compensating the debtor and the debtor's dependents for  
3 35 injuries to the debtor and the debtor's dependents, other than  
4 1 for pain and suffering, compensation of actual pecuniary loss,  
4 2 lost wages, psychological or emotional distress, sexual  
4 3 harassment, and employment discrimination.

4 4 LSB 5205YC 81

4 5 rh:rj/je/5