



WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

2017 Assembly Bill 476

Assembly Amendment 3

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BACKGROUND

Subject to certain conditions, a creditor may recover amounts owed by a debtor by garnishing the earnings of the debtor up to a certain portion of the debtor's earnings. To garnish a debtor's earnings, a creditor must make certain filings with a court and with the debtor's employer. An employer that is subject to a valid garnishment must pay to the creditor certain amounts from the earnings that the employer owes to the debtor.

Current law provides that, with certain exceptions, an earnings garnishment expires after 13 weeks. If a debtor's debt to a creditor is not fully satisfied at the end of a 13-week period, a creditor must file another garnishment in order to initiate another 13-week period of garnishment.

Under current law, only one garnishment may be in effect for a single debtor at any given time. If multiple creditors file garnishments for the same debtor, the garnishments are to be paid consecutively rather than concurrently. Specifically, a debtor's employer must pay each garnishment in the order in which it was filed, except that a garnishment of a debtor's earnings for family support or maintenance takes priority over other garnishments.

2017 ASSEMBLY BILL 476

2017 Assembly Bill 476 (the bill) eliminates the 13-week limit on earnings garnishments. Instead, it provides that a garnishment remains in effect until a debtor's debt to a creditor is satisfied. The bill does not make any changes to current law with regard to the order in which multiple garnishments for a single debtor are paid.

ASSEMBLY AMENDMENT 3

Assembly Amendment 3 (Amendment 3) repeals the current law requirement that only one garnishment may be in effect for a single debtor at any given time. Instead, Amendment 3 provides that multiple garnishments may be in effect at the same time.

If an employer receives multiple garnishments for a single debtor, the employer must make payments to each of the creditors. If the total amount to be paid to the creditors exceeds the amount of the debtor's earnings that are subject to garnishment, the employer must give first priority to payments for family support or maintenance and second priority to payments for victim restitution. If, after prioritizing payments for these purposes there remain debtor earnings that are subject to garnishment, an employer must divide that remaining amount equally among payments for any other creditors.

BILL HISTORY

On December 5, 2017, Representative Hutton offered Assembly Amendment 3. On January 3, 2018, the Assembly Committee on Financial Institutions recommended adoption of the amendment on a vote of Ayes, 8; Noes, 4, and recommended passage of the bill, as amended, on a vote of Ayes, 7; Noes, 5.

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