RON TUSLER

STATE REPRESENTATIVE • 3rd ASSEMBLY DISTRICT

Testimony in Support of Assembly Bill 296
Assembly Committee on State Affairs
October 8, 2025

Chairman Swearingen and members of the Assembly Committee on State Affairs,

Thank you for the opportunity to testify in support of Assembly Bill 296. This legislation is a necessary update to Wisconsin's garnishment laws by eliminating the outdated 13-week limit on wage garnishments while also ensuring that court judgments are carried out in a fair and consistent way. Under current law, creditors are forced to repeatedly restart the garnishment process after only 13 weeks, which creates unnecessary costs, delays, and burdens for both creditors, debtors, and the court system. Debtors who have been ordered to pay can exploit this loophole simply by waiting out the process, while the people and businesses who are owed money are left with additional legal fees and months of frustration. Furthermore, if the creditor continues to pursue a garnishment, these extra costs are ultimately passed down to the debtor increasing the amount of money owed to the creditor.

Assembly Bill 296 closes that gap. It allows garnishments to remain in place until the judgment is fully satisfied, giving creditors, often small businesses, landlords, or victims of financial harm, a fair chance to actually recover what is owed to them. This is not about punishing debtors; it is about accountability and honoring obligations that have already been determined by a court of law. The bill also gives court-ordered restitution payments priority over other garnishments, second only to other legal obligations like child support or criminal restitution.

At the same time, Assembly Bill 296 carefully maintains the safeguards that protect debtors who find themselves in an unfortunate situation. Debtors will still retain at least 80 percent of their disposable income, and they will continue to receive regular notices and exemption forms so that they are fully aware of their rights and options throughout the process. These protections ensure that while creditors and victims are able to collect what they are owed, debtors are never left without the means to provide for themselves or their families.

This is a common-sense reform that reduces court backlogs, ensures the process is fair, and keeps in place meaningful protections for debtors. By passing Assembly Bill 296, Wisconsin can modernize an outdated system, improve fairness for all parties, and make sure that court judgments actually mean something. I respectfully urge you to recommend passage of this bill, and I thank you for your time and consideration.

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Testimony in Support of Assembly Bill 296

Assembly Committee on State Affairs
October 8, 2025

Chairman Swearingen and Committee Members, thank you for holding a hearing on Assembly Bill 296. This bill eliminates the statutory 13-week paperwork re-filing requirement for wage garnishments in civil restitution cases.

Under current law, a creditor seeking to collect debt must file a new garnishment action every 13 weeks until the debt is satisfied. This unnecessary requirement creates excessive paperwork and filing fees, which are ultimately paid by the person whose earnings are being garnished.

2015 Act 355 eliminated the 13-week limitation on criminal restitution cases, but did not affect civil restitution cases. This bill expands that successful reform by bringing civil restitution into parity with criminal restitution.

On average, creditors have to file three total garnishments per judgment as a result of the 13-week re-filing requirement. The associated fees add up to approximately $260 per judgment that the creditor fronts but that the debtor ultimately has to pay in addition to their debts.

Removing this requirement—the rationale for which is unknown—will reduce needless paperwork for creditors. It will also benefit those being garnished because those hundreds of dollars in added costs that ultimately fall on the debtor only make it harder to get out of debt. This is unfair to people who are just trying to pay what they owe under a court order. Finally, reducing this paperwork burden will relieve some stress on an already swamped court system.

In response to concerns raised in public hearings on similar legislation in prior sessions, Assembly Bill 296 excludes a provision that would allow multiple concurrent garnishments and prioritizes garnishments as follows:

1. Child support or maintenance
2. Payments for victim restitution
3. Other creditors

Additionally, this bill requires a creditor to serve the garnishment form every 13 weeks to ensure the debtor has ongoing notification about a continuing garnishment. This addresses concerns raised by debtor advocates in the past.

Again, thank you for your consideration of Assembly Bill 296. It is an opportunity to help creditors, debtors, employers and our court system while retaining notice protections for low-income individuals. I respectfully ask for your support.

LEGAL ACTION OF WISCONSIN

Providing free legal services to low-income Wisconsin clients since 1968 • Proporcionando servicios legales gratuitos a clientes de bajos ingresos en Wisconsin desde 1968

TO: Assembly Committee on State Affairs
FROM: Angel Rose Kwaterski, Consumer Priority Coordinator & Abby Bar-Lev Wiley, Legislative Director, Legal Action of Wisconsin
DATE: October 8, 2025
RE: Harmful impact of AB 296 on Legal Action's low-income clients

Legal Action of Wisconsin is the state's largest nonprofit law firm, providing free, high-quality civil legal aid to low-income Wisconsinites. We represent individuals and families in about 10,000 cases per year across a wide area of legal expertise—including consumer law. We serve consumers in urban, suburban, and rural areas primarily in the lower 39 counties of the state. Thank you for the opportunity to provide testimony on AB 296 and how it would impact our clients. While we appreciate the intention of the bill to balance the interests of consumers with the interests of creditors, there remain concerns that the current version of the bill, including the amendment, actually leaves low-income consumers worse off than current law, and we hope to continue the conversation.

Under current law, creditors are required to return to court every 13 weeks if they want to continue garnishing on a judgment. The consumer whose wages are garnished receives, at that time, an earnings garnishment form, including how much they have paid on the debt so far, how much remains on the debt, and the total amount that was determined at the judgment. They also receive an answer form, and a notice of exemption informing them of the circumstances under which they may be exempt from garnishment, including if certain poverty thresholds are met. The consumer would then complete their answer and the exemption form, if applicable, and provide it to their employer. If a creditor neglects to return to court after 13 weeks, the garnishment ends. There are fees that the consumer is required to pay at court, but there is also accountability built into the process.

AB 296 and Amendment 1 together would make major changes to the law. Creditors would be required to go to court only once, and garnishment would continue ad infinitum until the judgment is satisfied. The narrow benefit to our consumer clients is the court fees and costs incurred with each refreshed garnishment. But this is greatly outweighed by the lack of accountability for creditors. Under the bill with Amendment 1, creditors are required to send an answer form, an exemption notice, schedules and worksheets every 180 days—or only twice a year instead of four times a year. The ongoing notices will omit the information regarding the total amount of the creditor's claim. If the garnishment is ongoing, creditors no longer have to continue to send any notices to the consumer after five years—yet many of our clients are garnished for more than five years. Although current law wisely has built in liability for garnishees (employers), it does not have any sections on liability for creditors—after all, they must go to court every 13 weeks to continue garnishing, so liability is inherent in the process. The bill would remove garnishment oversight from the court process, and yet still lacks any liability for creditors who fail to follow the law.

1. Sending the exemption notice form and associated documents to consumers every 180 days is a harmful change for our clients.

Why is it so important for our clients to receive the exemption notice form and associated documents more frequently than twice a year? For many experiencing garnishments over a period of time, the garnishments occur in the background while they focus on stretching their take-home income to pay for their rent, utilities,

car payments, childcare, and medical appointments. People with low incomes are constantly under multiple stresses. Given how often a low-income consumer's financial security fluctuates—whether it is because of medical emergencies, other financial emergencies, or fewer hours offered at work—it is likely that they may qualify for an exemption or a limit to the garnishment at some point during garnishment. Many will not know or recall that their change in financial status qualifies them for an exemption or the ability to petition the court for relief from the wage garnishment. The notice about statutory exceptions to garnishment include, for example, if someone is receiving or is eligible to receive aid to families with dependent children, medical assistance, supplemental security income, food stamps, or veterans benefits based on need. If their income is less than the poverty line, or if the garnishment would cause their take-home income to be less than the poverty line, then they are also exempt from garnishment.

By requiring these forms to be sent every 180 days, instead of every 13 weeks, AB 296 would extend the amount of time creditors have to garnish someone's wages by 12 weeks—or more than two months—before an exemption notice is required. Instead of receiving notice four times per year that they may have a legal remedy to prevent or reduce the amount their wages are being garnished, the bill would offer a consumer only 2 of these notices a year.

The reality of the proposed bill is that many exemption-qualifying consumers—meaning, essentially, very poor people—will have their wages garnished simply because of the time span between notices. When they do file for exemption, it does not apply retroactively.

2. AB 296 and Amendment 1 do not provide adequate information to consumers regarding debts owed.

Under current law, a creditor is required to file an earnings garnishment notice with the court every 13 weeks. This notice requires a creditor to disclose to the court the remaining amount of the unpaid judgment, including interest and costs on a specified date. In turn, the clerk provides an earnings garnishment form to be issued to the consumer and garnishee. This not only informs all parties (the court, consumer, and garnishee) of the remaining amount of the judgment, but it keeps the consumer informed about the totality of their debt.

Under AB 296, creditors are required to send the clerk-issued earnings garnishment form every 13 weeks, which would include information related to the total amount of the creditor's claim. The bill would also require creditors to send the exemption notice form every 180 days, but without the total amount of the creditor's claim included. Amendment 1, however, removes the requirement to send the clerk-issued earnings garnishment form every 13 weeks, but still requires the exemption notice—sent every 180 days—to omit information related to the total amount of the creditor's claim. Therefore, a consumer would receive information about how much they owe only one time, in the clerk issued earnings garnishment form following the commencement of the garnishment action. Not only does this keep consumers in the dark about the total debt that they are paying off, it also does not disclose information about the ongoing accrual of interest and the current balance owed. The consumer therefore would have no straightforward way to cross-check and ensure that they are being garnished for the proper amount.

3. There is no meaningful enforcement, as there are no clear remedies.

Although current law holds garnishees liable, there is no mechanism for holding creditors liable, except for improperly objecting to a Debtor's Answer. A consumer could go to court if they do not receive proper or timely documents required under Wis. Stat. 812.395 every 180 days. But this is not only a tremendous burden of time, education, and resources for a low-income consumer, it is also not clear what the remedy would be. There is nothing in the garnishment statutes that shed light on what the court would grant a consumer or how they would penalize the creditor for noncompliance. The creditor could at least be required to certify with the court that it sent the proper notices and documents to the consumer. This Affidavit of Mailing would include the date and the address to which the notice and exemptions were sent to the consumer and be filed with the court at every required increment to prove compliance with the statute. There are no court fees associated with this filing, and it would put all parties on notice that the notices were timely sent.

Additionally, the bill does not offer any enforcement mechanism to ensure that the notices are sent in a timely manner to a place where the consumer is likely to receive it. We appreciate the addition of Wis. Stat. 812.35(7), which requires the garnishee to notify the creditor of a change in address of the consumer within 7 business days of being served the garnishment notice and requires the creditor to serve the consumer at that location. Although the statutes have a mechanism for holding the garnishee liable for failing to follow the law here, there is no mechanism for holding a creditor liable who fails to send the exemption notice form to an outdated address despite receiving a change of address from a garnishee.

It is also unclear what happens if a consumer continues to be garnished after the judgment has been satisfied. Under current law, employers are responsible for garnishing in 13-week increments. Under AB 296 as amended, they are instructed to garnish until the judgment is satisfied, which may last years. The creditor is not required to inform the employer once the judgment is satisfied, and so conceivably, the employer could be liable for a significant return of funds to the consumer. It would be more balanced, and more likely to ensure that our clients are not overpaying their debts, for the creditors to be required to file a satisfaction of judgment and send to garnishees and consumers.

Considering these factors, we are concerned that on balance, AB 296 would cause our clients more harm than benefits.

Thank you for your time, thoughtfulness, and consideration on this matter. For more information or for any questions, please feel free to contact Legal Action's Legislative Director, Abby Bar-Lev Wiley, at abw@legalaction.org or (414) 274-3425.