

One Hundred Fifth Legislature - First Session - 2017

Introducer's Statement of Intent

LB37

Chairperson: Senator Laura Ebke

Committee: Judiciary

Date of Hearing: January 20, 2017

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 37 adopts the Uniform Wage Garnishment Act (UWGA) and standardizes the wage-garnishment process for employers, employees, and creditors. Benefits of the Act include:

- The UWGA streamlines the wage-garnishment process. The UWGA makes the wage-garnishment process more efficient by putting employers and creditors in direct contact with each other. When a garnishment begins, the employer responds directly to the creditor instead of the court and remits garnished amounts directly to the creditor. If an issue comes up during the garnishment process, an employer, employee, or creditor may petition the court for a hearing at any time. This efficiency will reduce the administrative costs of garnishment which are mostly borne by debtors and the judicial system.
- The UWGA resolves choice-of-law issues. Under current law, garnishment actions can be filed in any state with jurisdiction over the employer. The UWGA requires that actions be filed in the state where the employee works, thereby ensuring that the employee has better access to the court.
- The UWGA permits the entire debt to be recovered in a single action and resolves priority issues related to multiple garnishments. The Act promotes efficiency by permitting a garnishment to remain in effect until the entire amount owed on the judgment is paid. The Act also provides that multiple garnishees will share the amount available for garnishment equally. This reduces a creditor's incentive to race to court to achieve priority over other creditors which facilitates efforts at informal settlement prior to filing, while ensuring fairness between creditors.
- The UWGA ensures that employees are given a plain-language notice about the pending garnishment and time to consider their options before garnishment begins. An employee must be given a notice that explains in plain language what garnishment is, the amount that is owed, and what steps may be taken by the employee in response. Deductions from earnings may not begin until the first regular payday occurring 30 or more days after the notice is given.
- The UWGA extends its protections to certain independent contractors. The UWGA, like all garnishment statutes, protects the basic living standards of employees while they are paying off their debts, and it extends this protection to individuals who are classified as independent contractors but who are virtually indistinguishable from ordinary employees.

Principal Introducer: _____

Senator Burke Harr