
OLR Bill Analysis

sHB 6372

AN ACT EXEMPTING FROM EXECUTION CERTAIN FUNDS IN A JUDGMENT DEBTOR'S ACCOUNT.

SUMMARY

By law, a creditor may obtain a court-ordered judgment against someone who owes him or her money (i.e., the debtor) and have an execution issued by the court served on any financial institution where the debtor has an account. Current law (1) exempts from execution the account balance, up to \$1,000, if readily identifiable electronic direct deposits from exempt sources or wages were made to the account in the previous 60 days (see BACKGROUND) or (2) allows a debtor to claim up to \$1,000 by filing an exemption from execution with the court (i.e., the “wildcard” exemption)(CGS 52-352b(r)).

This bill automatically exempts up to \$1,000 from a bank execution without the debtor (1) having a recent electronic direct deposit from protected sources made to the account or (2) claiming the exemption with the court, as required under current law.

The bill does so by requiring financial institutions to:

1. leave in a debtor’s account up to \$1,000 of electronic direct deposits made in the last two months that are readily identifiable as wages;
2. leave in the debtor’s account the full amount of any funds directly deposited into the account from exempt sources in the last two months; and
3. apply the wildcard exemption and leave up to \$1,000 in the debtor’s account, if no electronic direct deposits are readily identifiable as being from wages or other exempt sources or if such deposits are less than \$1,000.

The bill also makes minor changes, including conforming the current 60-day look-back period in state law to the two-month look-back period prescribed by federal law (31 C.F.R. § 212.3).

EFFECTIVE DATE: October 1, 2021

BACKGROUND

Exempt Sources

Federal or state laws exempt from execution the full amount of any deposits made in the last two months from the following sources:

1. federal veterans' benefits;
2. Social Security benefits, including retirement, survivors' and disability benefits;
3. supplemental security income benefits;
4. certain exempt benefits paid by the federal Railroad Retirement Board or Office of Personnel Management;
5. certain exempt unemployment compensation benefits; or
6. child support payments processed and received pursuant to federal law (31 C.F.R. 212.2 and CGS § 52-352b).

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 12 Nay 6 (02/23/2021)