

Senator Peter C. Knudson proposes the following substitute bill:

EDUCATION LOAN AMENDMENTS

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Peter C. Knudson

House Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Utah Consumer Credit Code to address education loans.

Highlighted Provisions:

This bill:

- ▶ modifies definition provisions;
- ▶ addresses limitation on garnishments; and
- ▶ makes technical and conforming amendments.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an immediate effective date.

Utah Code Sections Affected:

AMENDS:

70C-7-103, as enacted by Laws of Utah 1985, Chapter 159

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **70C-7-103** is amended to read:

70C-7-103. Definitions -- Limitation on garnishment.



26 (1) As used in this part:

27 (a) "Disposable earnings" means that part of the earnings of an individual remaining
28 after the deduction from those earnings of amounts required by law to be withheld.

29 (b) "Education loan" means a loan subject to this title, or notwithstanding Subsection
30 (2)(h)(ii)(B)(II) made by a depository institution that:

31 (i) is closed end;

32 (ii) is a qualified education loan as defined in 26 U.S.C. Sec. 221(d);

33 (iii) expressly states in the original loan documents that it is a qualified education loan
34 or the proceeds will be used solely for qualified higher education expenses as defined in 26
35 U.S.C. Sec 221(d); and

36 (iv) in a bankruptcy filing, the loan or any indebtedness relating to the loan is subject to
37 the provisions of 11 U.S.C. Sec. 523(a)(8).

38 ~~[(b)]~~ (c) "Garnishment" means ~~[any]~~ a legal or equitable procedure through which the
39 earnings of an individual are required to be withheld for payment of a debt.

40 (2) The maximum part of the aggregate disposable earnings of an individual for any
41 pay period ~~[which]~~ that is subjected to garnishment to enforce payment of a judgment arising
42 from a consumer credit agreement may not exceed the lesser of:

43 (a) 25% of ~~[his]~~ the individual's disposable earnings for that pay period; ~~[or]~~

44 (b) the amount by which ~~[his]~~ the individual's disposable earnings for that pay period
45 exceed 30 hours per week multiplied by the federal minimum hourly wage prescribed by
46 Section 6 (a) (1) of the Fair Labor Standards Act of 1938, 29 U.S.C. ~~[, Section]~~ Sec. 206(a)(1),
47 in effect at the time the earnings are payable~~[-];~~ or

48 (c) 15% of the individual's disposable earnings for that pay period if the judgment
49 relates to an education loan.

50 (3) ~~[No]~~ A court may not make, execute, or enforce an order or process in violation of
51 this section.

52 Section 2. **Effective date.**

53 If approved by two-thirds of all the members elected to each house, this bill takes effect
54 upon approval by the governor, or the day following the constitutional time limit of Utah
55 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,
56 the date of veto override.