

114TH CONGRESS  
2D SESSION

# S. 3143

To amend the Consumer Credit Protection Act to strengthen debt collection exemptions to protect debtors and their families from poverty or bankruptcy, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JULY 7, 2016

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To amend the Consumer Credit Protection Act to strengthen debt collection exemptions to protect debtors and their families from poverty or bankruptcy, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Wage and Garnish-  
5 ment Equity Act of 2016” or the “WAGE Act”.

1 **SEC. 2. ASSIGNMENT OF EARNINGS DEFINED.**

2 Section 302 of the Consumer Credit Protection Act  
3 (15 U.S.C. 1672) is amended by adding at the end the  
4 following:

5 “(d) ASSIGNMENT.—The term ‘assignment’—

6 “(1) means a contractual agreement that con-  
7 stitutes or contains an assignment (as described in  
8 section 444.2(a)(3) of title 16, Code of Federal Reg-  
9 ulations), including an assignment that is revocable  
10 at the will of the individual; and

11 “(2) does not include an assignment described  
12 in paragraph (ii) or (iii) of section 444.2(a)(3) of  
13 title 16, Code of Federal Regulations.”.

14 **SEC. 3. ADJUSTMENT TO RESTRICTIONS ON GARNISHMENT.**

15 Section 303(a) of the Consumer Credit Protection  
16 Act (15 U.S.C. 1673) is amended—

17 (1) by striking paragraph (1);

18 (2) in the matter preceding paragraph (2), by  
19 striking “garnishment may not exceed” and insert-  
20 ing “garnishment or assignment may not exceed the  
21 lesser of—

22 “(1) for an individual earning—

23 “(A) less than or equal to \$1,200 (as ad-  
24 justed for inflation every 3 years, by notice, to  
25 reflect the change in the Consumer Price Index  
26 for All Urban Consumers published by the Bu-

1           reau of Labor Statistics) a workweek, 10 per-  
 2           cent of the individual’s disposable earnings for  
 3           that workweek; or

4                   “(B) more than \$1,200 (as adjusted for in-  
 5           flation every 3 years, by notice, to reflect the  
 6           change in the Consumer Price Index for All  
 7           Urban Consumers published by the Bureau of  
 8           Labor Statistics) a workweek, 15 percent of the  
 9           individual’s disposable earnings for that work-  
 10          week; or”;

11          (3) in paragraph (2)—

12                   (A) by striking “thirty” and inserting  
 13           “80”; and

14                   (B) by striking the comma at the end and  
 15           inserting a period; and

16          (4) in the matter following paragraph (2), by  
 17          striking “whichever is less.”.

18   **SEC. 4. RESTRICTION ON ADVERSE EMPLOYMENT ACTION**

19                   **BECAUSE OF GARNISHMENT.**

20          (a) IN GENERAL.—Section 304 of the Consumer  
 21   Credit Protection Act (15 U.S.C. 1674) is amended—

22                   (1) by amending the section heading to read as  
 23           follows: “**RESTRICTION ON ADVERSE EMPLOY-**  
 24           **MENT ACTION**”; and

1           (2) by striking subsection (a) and inserting the  
2 following:

3           “(a) IN GENERAL.—No employer may take any ad-  
4 verse employment action against an employee because the  
5 employee’s earnings have been subjected to garnishment  
6 or assignment.”.

7           (b) TABLE OF CONTENTS AMENDMENT.—The table  
8 of contents in title III of the Consumer Credit Protection  
9 Act (15 U.S.C. 1671 et seq.) is amended by striking the  
10 item relating to section 304 and inserting the following:  
“304. Restriction on adverse employment action.”.

11 **SEC. 5. STATE LAW WITH RESPECT TO ASSIGNMENTS.**

12           (a) EXEMPTION FOR STATE-REGULATED ASSIGN-  
13 MENTS.—

14           (1) IN GENERAL.—Section 305 of the Con-  
15 sumer Credit Protection Act (15 U.S.C. 1675) is  
16 amended—

17           (A) in the section heading, by inserting  
18           “**OR ASSIGNMENTS**” after “**GARNISH-**  
19           **MENTS**”;

20           (B) by inserting “or assignments” after  
21 “garnishments”; and

22           (C) by inserting “or assignment” after  
23 “garnishment”.

24           (2) TABLE OF CONTENTS AMENDMENT.—The  
25 table of contents in title III of the Consumer Credit

1 Protection Act (15 U.S.C. 1671 et seq.) is amended  
2 by amending the item relating to section 305 to read  
3 as follows:

“305. Exemption for State-regulated garnishments or assignments.”.

4 (b) EFFECT ON STATE LAWS.—Section 307 of such  
5 Act (15 U.S.C. 1676) is amended—

6 (1) by striking “State” and inserting  
7 “State—”;

8 (2) in paragraph (1), by striking “garnish-  
9 ments” each place such term appears and inserting  
10 “garnishments or assignments”; and

11 (3) in paragraph (2), by striking “garnish-  
12 ment” and inserting “garnishment or assignment”.

13 **SEC. 6. EMPLOYER LIABILITY FOR FAILURE TO GARNISH.**

14 (a) IN GENERAL.—Title III of the Consumer Credit  
15 Protection Act (15 U.S.C. 1671 et seq.) is amended by  
16 adding at the end the following:

17 **“§ 308. Delay of garnishment; employer liability**

18 “(a) DELAY OF GARNISHMENT.—A garnishment  
19 order directed at an employer with fewer than 50 employ-  
20 ees may not require such employer to garnish the earnings  
21 of the individual who is the subject of the order earlier  
22 than the later of the following:

23 “(1) 15 business days after such employer re-  
24 ceives the order.

1           “(2) 5 business days after the date on which  
2           the individual is regularly scheduled to receive earn-  
3           ings.

4           “(3) As would otherwise be required by State  
5           law or regulation.

6           “(b) EMPLOYER LIABILITY.—No employer with  
7           fewer than 50 employees shall be liable for failing to re-  
8           spond to a garnishment order unless such employer—

9           “(1) has been given written notice that specifies  
10          the nature of the employer’s failure to comply with  
11          the requirements of this title; and

12          “(2) does not correct the failure described in  
13          paragraph (1) within 15 days of receipt of such no-  
14          tice.”.

15          (b) TABLE OF CONTENTS AMENDMENT.—The table  
16          of contents in title III of the Consumer Credit Protection  
17          Act (15 U.S.C. 1671 et seq.) is amended by adding at  
18          the end the following:

“308. Delay of garnishment; employer liability.”.

19          **SEC. 7. EXEMPTION FOR AMOUNTS IN DEPOSIT ACCOUNTS.**

20          (a) IN GENERAL.—Of the aggregate amount of funds  
21          of an individual in deposit accounts, \$10,000 (as adjusted  
22          for inflation every 3 years, by notice, to reflect the change  
23          in the Consumer Price Index for All Urban Consumers  
24          published by the Bureau of Labor Statistics) shall be ex-

1   empt and immune from attachment or seizure with respect  
2   to any judgment related to a debt.

3       (b) INCLUSION OF ACCOUNTS.—In this subsection,  
4   the term “deposit accounts” shall include any account, as  
5   such term is defined in section 903 of the Electronic Fund  
6   Transfer Act (15 U.S.C. 1693a).

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