



**Colorado
Legislative
Council
Staff**

SB17-080

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0600
Prime Sponsor(s): Sen. Merrifield

Date: February 2, 2017
Bill Status: Senate Business, Labor & Technology
Fiscal Analyst: Amanda Hayden (303-866-4918)

BILL TOPIC: REDUCE AMOUNT OF WAGES SUBJECT TO GARNISHMENT

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue Cash Funds	Minimal decrease. See State Revenue section.	
State Expenditures		
TABOR Impact	Minimal decrease.	
Appropriation Required: None.		
Future Year Impacts: Ongoing minimal decrease in state revenue.		

Summary of Legislation

This bill changes two of the restrictions on the amount of money subject to garnishment or levy for debts other than those resulting from fraudulently obtained public assistance to the lesser of 25 percent of the individual's weekly earnings or:

- 10 percent of the individual's gross earnings, if his or her gross earnings are less than 250 percent of the federal poverty level; or
- 0 if the individual's disposable weekly income is less than 30 times the state minimum hourly wage.

These limits on garnishments do not apply to any court order for the support of any person, any court order related to bankruptcy proceedings, or any debt due for any state or federal tax.

Background

In civil court, a creditor may obtain a garnishment or levy against a debtor to recover funds owed to him or her. A garnishment forces the debtor's employer to seize a portion of the debtor's paycheck to be paid to the creditor. A levy freezes and transfers certain assets, typically financial accounts, from the debtor to the creditor.

Currently, the federal poverty guideline for a household of one is \$12,060; 250 percent of this amount is \$30,150 annually, or approximately \$580 weekly. The state minimum hourly wage is \$9.30; 30 times this amount is \$279.

State Revenue

Beginning in FY 2017-18, this bill may reduce state cash fund revenue from fees and fines by a minimal amount in the Judicial Department. It may also reduce revenue collected by state agencies.

Judicial Department. Collections investigators within the Judicial Department use garnishments to collect unpaid fines and fees. The change under the bill may reduce the amount of earnings that collections investigators can withhold or collect using garnishments and levies. Because revenue collected through garnishments and levies is not tracked separately, the precise impact to state revenue cannot be determined. The fiscal note assumes that any reduction will be minimal and any change in appropriations that is required will be addressed through the annual budget process.

Other state agencies. Central Collection Services within the Department of Personnel and Administration (DPA) makes debt collections on behalf of state agencies. In that capacity, DPA may seek garnishments. DPA reports that very few garnishment orders are entered through Central Collection Services and that any change under the bill is likely to have a very minimal impact on the amount of revenue collected.

TABOR Impact

This bill may reduce state cash fund revenue from fees and fines, which may reduce the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill may reduce the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget may increase by an identical amount.

Local Government Impact

To the extent that the Denver County Court, managed and funded by the City and County of Denver, garnishes wages, revenue may decrease. Any decrease in revenue is expected to be minimal.

Effective Date

The bill takes effect July 1, 2017, and applies to garnishments and levies issued on or after this date.

State and Local Government Contacts

Counties
Information Technology
Personnel

Health Care Policy and Financing
Judicial