

114TH CONGRESS
2D SESSION

H. R. 5664

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.

IN THE HOUSE OF REPRESENTATIVES

JULY 7, 2016

Mr. CUMMINGS introduced the following bill; which was referred to the
Committee on Financial Services

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 new subsection:

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

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

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

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

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

18 (1) by striking paragraph (1);

19 (2) by striking “whichever is less.”;

20 (3) by striking “garnishment may not exceed”
21 and inserting “garnishment or assignment may not
22 exceed the lesser of—

23 “(1) for an individual earning—

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

1 for All Urban Consumers published by the Bu-
 2 reau of Labor Statistics) a workweek, 10 per-
 3 cent of the individual’s disposable earnings for
 4 that workweek; or

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

12 (4) in paragraph (2)—

13 (A) by striking “thirty” and inserting
 14 “80”; and

15 (B) by striking the comma at the end and
 16 inserting a period.

17 **SEC. 4. RESTRICTION ON ADVERSE EMPLOYMENT ACTION**
 18 **BECAUSE OF GARNISHMENT.**

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

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

24 (2) by amending subsection (a) to read as fol-
 25 lows:

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

5 (b) TABLE OF CONTENTS AMENDMENT.—The table
 6 of contents in title III of the Consumer Credit Protection
 7 Act (15 U.S.C. 1671 et seq.) is amended by amending the
 8 item relating to section 304 to read as follows:

“304. Restriction on adverse employment action.”.

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

10 (a) EXEMPTION FOR STATE-REGULATED ASSIGN-
 11 MENTS.—

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

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

18 (B) by inserting “or assignments” after
 19 “garnishments”; and

20 (C) by inserting “or assignment” after
 21 “garnishment”.

22 (2) TABLE OF CONTENTS AMENDMENT.—The
 23 table of contents in title III of the Consumer Credit
 24 Protection Act (15 U.S.C. 1671 et seq.) is amended

1 by amending the item relating to section 305 to read
2 as follows:

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

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

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

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

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

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

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

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

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

22 “(1) 15 business days after such employer re-
23 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 new item:

 “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, an amount equal to
22 the poverty guideline applicable to a 1-person household
23 contained in the income poverty guidelines prescribed by
24 the Office of Management and Budget (as such amount
25 is annually adjusted by the Secretary of Health and

1 Human Services) shall be exempt and immune from at-
2 tachment or seizure with respect to any judgment related
3 to a debt.

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

8 (c) RULEMAKING.—The Bureau of Consumer Finan-
9 cial Protection shall issue such regulations as may be nec-
10 essary to carry out this section.

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