

OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY



PA 14-9—SB 57

*Labor and Public Employees Committee
Banks Committee*

AN ACT CONCERNING THE DIRECT DEPOSIT OF WAGES

SUMMARY: This act expands the types of deposits that automatically exempt a portion of a judgment debtor's bank account from bank executions. Existing law requires a bank to leave an account with the lesser of the account's balance or \$1,000 if, within 30 days before the execution order, the account received electronic direct deposits readily identifiable as certain payments, such as federal veteran's benefits or Social Security benefits. The act extends the same requirement, and its related notice requirements and limitations, to accounts that received electronic direct deposits readily identifiable as wages within 30 days before the execution order (PA 14-7 lengthens this look-back period to 60 days).

The notice requirements and limitations include (1) allowing a bank to notify the judgment creditor that funds were left in the debtor's account, (2) requiring a bank to notify the judgment debtor and any other secured parties if any funds are removed, and (3) allowing a bank to reduce the account balance to less than \$1,000 if it is required to do so by law or a court order.

The law also exempts from bank executions the lesser of (1) 75% of a debtor's disposable weekly earnings or (2) \$348 of his or her weekly wages (i.e., 40 times the higher of the state or federal minimum wage). But, to receive this exemption, the debtor must file an exemption claim with his or her bank and have the claim determined in a Superior Court hearing. The potentially exempted funds are frozen until the court rules on the exemption.

EFFECTIVE DATE: October 1, 2014

BACKGROUND

Related Act

PA 14-7, among other things, (1) extends the same automatic exemption to accounts that receive electronic direct deposits readily identifiable as (a) exempt benefits paid by the federal Railroad Retirement Board or Office of Personnel Management or (b) unemployment benefits and (2) lengthens the look-back period to within 60 days of the execution order.

OLR Tracking: LRH:RP:JKL:ro