



House of Representatives

File No. 703

General Assembly

January Session, 2021 **(Reprint of File No. 574)**

House Bill No. 6466
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 20, 2021

AN ACT CONCERNING PROPERTY THAT IS EXEMPT FROM A JUDGMENT CREDITOR.

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 52-352b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2021*):

3 The following property of any natural person shall be exempt:

4 [(a)] (1) Necessary apparel, bedding, foodstuffs, household furniture
5 and appliances;

6 [(b)] (2) Tools, books, instruments, farm animals and livestock feed,
7 which are necessary to the exemptioner in the course of his or her
8 occupation, profession or farming operation;

9 [(c)] (3) Burial plot for the exemptioner and his or her immediate
10 family;

11 [(d)] (4) Public assistance payments and any wages earned by a public
12 assistance recipient under an incentive earnings or similar program;

13 [(e)] (5) Health and disability insurance payments;

14 [(f)] (6) Health aids necessary to enable the exemptioner to work or to
15 sustain health;

16 [(g)] (7) Workers' compensation, Social Security, veterans and
17 unemployment benefits;

18 [(h)] (8) Court-approved payments for child support;

19 [(i)] (9) Arms and military equipment, uniforms or musical
20 instruments owned by any member of the militia or armed forces of the
21 United States;

22 [(j) One motor vehicle] (10) Up to two motor vehicles to the value of
23 [three thousand five hundred] seven thousand dollars in the aggregate,
24 provided value shall be determined as the fair market value of the motor
25 [vehicle] vehicles less the amount of all liens and security interests
26 which encumber [it] them;

27 [(k)] (11) Wedding and engagement rings;

28 [(l)] (12) Residential utility deposits for one residence, and one
29 residential security deposit;

30 [(m)] (13) Any assets or interests of an exemptioner in, or payments
31 received by the exemptioner from, a plan or arrangement described in
32 section 52-321a, as amended by this act;

33 [(n)] (14) Alimony and support, other than child support, but only to
34 the extent that wages are exempt from execution under section 52-361a;

35 [(o)] (15) An award under a crime reparations act;

36 [(p)] (16) All benefits allowed by any association of persons in this
37 state towards the support of any of its members incapacitated by

38 sickness or infirmity from attending to his usual business;

39 [(q)] (17) All moneys due the exemptioner from any insurance
40 company on any insurance policy issued on exempt property, to the
41 same extent that the property was exempt;

42 [(r)] (18) Any interest of the exemptioner in any property not to
43 exceed in value one thousand dollars;

44 [(s)] (19) Any interest of the exemptioner not to exceed in value four
45 thousand dollars in any accrued dividend or interest under, or loan
46 value of, any unmaturred life insurance contract owned by the
47 exemptioner under which the insured is the exemptioner or an
48 individual of whom the exemptioner is a dependent;

49 (20) The cash surrender value of any life insurance policy issued upon
50 the life of a citizen or resident of this state, unless the life insurance
51 policy was assigned to or was effected for the benefit of the creditor or
52 unless the purchase, sale, or transfer of the life insurance policy is made
53 with the intent to defraud the creditor;

54 [(t)] (21) The homestead of the exemptioner to the value of [seventy-
55 five thousand dollars, or, in the case of a money judgment arising out of
56 services provided at a hospital, to the value of one hundred twenty-five
57 thousand dollars] two hundred fifty thousand dollars, provided value
58 shall be determined as the fair market value of the real property less the
59 amount of any statutory or consensual lien which encumbers it, except
60 that, in the case of a money judgment arising out of a claim of sexual
61 abuse or exploitation of a minor, sexual assault or other wilful, wanton,
62 or reckless misconduct committed by a natural person, to the value of
63 seventy-five thousand dollars; and

64 [(u)] (22) Irrevocable transfers of money to an account held by a debt
65 adjuster licensed pursuant to sections 36a-655 to 36a-665, inclusive, for
66 the benefit of creditors of the exemptioner.

67 Sec. 2. Subdivision (1) of subsection (b) of section 12-162 of the general

68 statutes is repealed and the following is substituted in lieu thereof
69 (*Effective October 1, 2021*):

70 (b) (1) Except as provided in subdivision (2) of this subsection, upon
71 the nonpayment of any property tax or any water or sanitation charges
72 when due, demand having been made therefor as prescribed by law for
73 the collection of such tax or such water or sanitation charges, an alias tax
74 warrant may be issued by the tax collector, which may be in the
75 following form:

76 "To a state marshal of the County of, or any constable of the Town
77 of Greeting: By authority of the state of Connecticut you are hereby
78 commanded to collect forthwith from of the sum of dollars, the
79 same being the amount of a tax or water or sanitation charges, with
80 interest or penalty and charges which have accumulated thereon, which
81 tax was levied or which water or sanitation charges were imposed by
82 (insert name of town, city or municipality laying the tax or imposing the
83 water or sanitation charges) upon (insert the real estate, personal
84 property, or both, as the case may be,) of said as of the day of

85 (In like manner insert the amount of any other property tax or other
86 water or sanitation charges which may have been levied or imposed in
87 any other year, including interest or penalty and charges which have
88 accumulated thereon). In default of payment of said amount you are
89 hereby commanded to levy for said tax or taxes or such water or
90 sanitation charges, including interest, penalty and charges, hereinafter
91 referred to as the amount due on such execution, upon any goods and
92 chattels of such person and dispose of the same as the law directs,
93 notwithstanding the provisions of [subsection (j)] subdivision (10) of
94 section 52-352b, and, after having satisfied the amount due on such
95 execution, return the surplus, if any, to him; or, except as otherwise
96 provided in section 12-162, you are to levy upon the real estate of such
97 person and sell such real property pursuant to section 12-157, to pay the
98 amount due on such execution; or you shall, in accordance with the
99 provisions of section 12-162, make demand upon the main office of any
100 financial institution indebted to such person, subject to the provisions of
101 section 52-367a or 52-367b, as if judgment for the amount due on such

102 execution had been entered, for that portion of any type of deposit to
103 the credit of or property held for such person, not exceeding in total
104 value the amount due on such execution; or you are to garnishee the
105 wages due such person from any employer, in the same manner as if a
106 wage execution therefor had been entered, in accordance with section
107 52-361a.

108 Dated at this day of A.D. 20.., Tax Collector."

109 Sec. 3. Subsection (b) of section 52-321a of the general statutes is
110 repealed and the following is substituted in lieu thereof (*Effective October*
111 *1, 2021*):

112 (b) Nothing in this section shall impair the rights of an alternate payee
113 under a qualified domestic relations order, as defined in Section 414(p)
114 of the Internal Revenue Code of 1986, or any subsequent corresponding
115 internal revenue code of the United States, as from time to time
116 amended. Nothing in this section or in [subsection (m)] subdivision (13)
117 of section 52-352b, as amended by this act, shall impair the rights of the
118 state to proceed under section 52-361a to recover the costs of
119 incarceration under section 18-85a and regulations adopted in
120 accordance with section 18-85a from any federal, state or municipal
121 pension, annuity or insurance contract or similar arrangement described
122 in subdivision (5) of subsection (a) of this section, provided the rights of
123 an alternate payee under a qualified domestic relations order, as defined
124 in Section 414(p) of the Internal Revenue Code of 1986, or any
125 subsequent corresponding internal revenue code of the United States,
126 as from time to time amended, shall take precedence over any such
127 recovery. Nothing in this section or in [subsection (m)] subdivision (13)
128 of section 52-352b, as amended by this act, shall impair the rights of a
129 victim of crime to proceed under section 52-361a to recover damages
130 awarded by a court of competent jurisdiction from any federal, state or
131 municipal pension, annuity or insurance contract or similar
132 arrangement described in subdivision (5) of subsection (a) of this section
133 when such damages are the result of a crime committed by a participant
134 or beneficiary of such pension, annuity or insurance contract or similar

135 arrangement, provided the rights of an alternate payee under a qualified
136 domestic relations order, as defined in Section 414(p) of the Internal
137 Revenue Code of 1986, or any subsequent corresponding internal
138 revenue code of the United States, as from time to time amended, shall
139 take precedence over any such recovery.

140 Sec. 4. Section 52-352a of the general statutes is repealed and the
141 following is substituted in lieu thereof (*Effective October 1, 2021*):

142 [For the purposes of this section and sections 52-352b and 52-353, the
143 following terms shall have the following meanings] As used in this
144 section and sections 52-352b, as amended by this act, and 52-353:

145 [(a)] (1) "Value" means fair market value of the exemptioner's equity
146 or unencumbered interest in the property;

147 [(b)] (2) "Necessary" means reasonably required to meet the needs of
148 the exemptioner and his or her dependents including any special needs
149 by reason of health or physical infirmity;

150 [(c)] (3) "Exempt" means, unless otherwise specified, not subject to
151 any form of process or court order for the purpose of debt collection;

152 [(d)] (4) "Exemptioner" means the natural person entitled to an
153 exemption under this section or section 52-352b, as amended by this act;

154 [(e)] (5) "Homestead" means owner-occupied real property, co-op or
155 mobile manufactured home, as defined in subdivision (1) of section 21-
156 64, used as a primary residence.

157 Sec. 5. Subsection (r) of section 52-367b of the general statutes is
158 repealed and the following is substituted in lieu thereof (*Effective October*
159 *1, 2021*):

160 (r) For the purposes of this subsection, "exempt" has the same
161 meaning as provided in [subsection (c)] subdivision (3) of section 52-
162 352a, as amended by this act. Funds deposited in an account that has
163 been established for the express purpose of receiving electronic direct

164 deposits of public assistance or of Title IV-D child support payments
165 from the Department of Social Services shall be exempt.

| | | |
|---|------------------------|--------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2021</i> | 52-352b |
| Sec. 2 | <i>October 1, 2021</i> | 12-162(b)(1) |
| Sec. 3 | <i>October 1, 2021</i> | 52-321a(b) |
| Sec. 4 | <i>October 1, 2021</i> | 52-352a |
| Sec. 5 | <i>October 1, 2021</i> | 52-367b(r) |

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill modifies items that are exempt from debt collection and does not result in a fiscal impact to the state or municipalities.

House "A" makes changes to the items that are exempt and does not result in a fiscal impact.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 6466 (as amended by House "A")******AN ACT CONCERNING PROPERTY THAT IS EXEMPT FROM A JUDGMENT CREDITOR.*****SUMMARY**

By law, certain types and amounts of property, income, and assets are exempt from debt collection (i.e., attachment and post-judgment collections). The bill modifies this exemption by:

1. increasing the motor vehicle exemption from \$3,500 for one vehicle to \$7,000 in the aggregate for up to two vehicles, which, under existing law and the bill, is determined by the vehicle's fair market value minus all liens and security interests on it;
2. expanding the list of exemptions to include the cash surrender value of a state resident's life insurance policy unless the policy was (a) assigned to or effected for the creditor's benefit or (b) purchased, sold, or transferred with the intent to defraud the creditor;
3. increasing the homestead exemption to \$250,000, instead of \$75,000 or, for money judgements for hospital services, \$125,000 as under current law; and
4. limiting the homestead exemption to \$75,000 for money judgements for claims of sexual abuse or exploitation of a minor, sexual assault, or other willful, wanton, or reckless misconduct.

The bill also makes technical and conforming changes.

*House Amendment "A" applies the increased motor vehicle exemption amount to up to two vehicles in the aggregate, instead of just one vehicle.

EFFECTIVE DATE: October 1, 2021

BACKGROUND

Property Exempt from Execution

In addition to certain automatically exempt funds, existing law allows a debtor to claim several exemptions, including for necessary apparel and food, necessary professional tools and books, burial plots, health and disability insurance payments, and any interest in any property up to \$1,000 (CGS § 52-352b).

COMMITTEE ACTION

Judiciary Committee

Joint Favorable

Yea 36 Nay 1 (04/05/2021)