



# House of Representatives

**File No. 781**

General Assembly

January Session, 2021

**(Reprint of File No. 51)**

Substitute House Bill No. 6372  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
June 3, 2021

***AN ACT EXEMPTING FROM EXECUTION CERTAIN FUNDS IN A  
JUDGMENT DEBTOR'S ACCOUNT.***

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

1 Section 1. Subsections (b) and (c) of section 52-367b of the general  
2 statutes are repealed and the following is substituted in lieu thereof  
3 (*Effective October 1, 2021*):

4 (b) If execution is desired against any such debt, the plaintiff  
5 requesting the execution shall make application to the clerk of the court.  
6 The application shall be accompanied by a fee of one hundred five  
7 dollars payable to the clerk of the court for the administrative costs of  
8 complying with the provisions of this section, which fee may be  
9 recoverable by the judgment creditor as a taxable cost of the action. In a  
10 IV-D case, the request for execution shall be accompanied by an affidavit  
11 signed by the serving officer attesting to an overdue support amount of  
12 five hundred dollars or more which accrued after the entry of an initial  
13 family support judgment. If the papers are in order, the clerk shall issue

14 such execution containing a direction that the officer serving such  
15 execution shall, within seven days from the receipt by the serving officer  
16 of such execution, make demand (1) upon the main office of any  
17 financial institution having its main office within the county of the  
18 serving officer, (2) if such main office is not within the serving officer's  
19 county and such financial institution has one or more branch offices  
20 within such county, upon an employee of such a branch office, such  
21 employee and branch office having been designated by the financial  
22 institution in accordance with regulations adopted by the Banking  
23 Commissioner, in accordance with chapter 54, or (3) only upon demand  
24 of a financial institution which does not have any main office or branch  
25 office in this state, by certified mail, return receipt requested, for  
26 payment of any such nonexempt debt due to the judgment debtor and,  
27 after having made such demand, shall serve a true and attested copy of  
28 the execution, together with the affidavit and exemption claim form  
29 prescribed by subsection (k) of this section, with the serving officer's  
30 actions endorsed thereon, with the financial institution upon whom  
31 such demand is made. The serving officer shall not serve more than one  
32 financial institution execution per judgment debtor at a time, including  
33 copies thereof. After service of an execution on one financial institution,  
34 the serving officer shall not serve the same execution or a copy thereof  
35 upon another financial institution until receiving confirmation from the  
36 preceding financial institution that the judgment debtor had insufficient  
37 funds at the preceding financial institution available for collection to  
38 satisfy the execution, provided any such additional service is made not  
39 later than forty-five days from the receipt by the serving officer of such  
40 execution. After service of an execution on a financial institution, the  
41 serving officer shall not subsequently serve the same execution or a copy  
42 thereof upon such financial institution if an electronic direct deposit  
43 [from a] that is readily identifiable [source described in subsection (c) of  
44 this section] as exempt from execution was made to the judgment  
45 debtor's account during the look-back period, as described in subsection  
46 (c) of this section. If no such deposit was made, the serving officer may  
47 subsequently serve the same execution or a copy thereof upon such  
48 institution, provided such execution has not expired or otherwise

49 become unenforceable.

50 (c) [If] (1) Except as provided in subdivision (2) of this subsection, if  
51 any such financial institution upon which such execution is served and  
52 upon which such demand is made is indebted to the judgment debtor,  
53 the financial institution shall remove from the judgment debtor's  
54 account the amount of such indebtedness not exceeding the amount due  
55 on such execution before its midnight deadline, as defined in section  
56 42a-4-104.

57 (2) Notwithstanding the provisions of subdivision (1) of this  
58 subsection, [if] the financial institution shall leave in the judgment  
59 debtor's account (A) the full amount of electronic direct deposits that are  
60 readily identifiable as [(1)] exempt federal veterans' benefits, Social  
61 Security benefits, including, but not limited to, retirement, survivors'  
62 and disability benefits, supplemental security income benefits, exempt  
63 benefits paid by the federal Railroad Retirement Board or the federal  
64 Office of Personnel Management, unemployment compensation  
65 benefits exempt under section 52-352b, [or] and child support payments  
66 processed and received pursuant to Title IV-D of the Social Security Act,  
67 [or (2) wages were] and (B) the amount of electronic direct deposits, not  
68 to exceed one thousand dollars, that are readily identifiable as wages,  
69 provided such deposits were made to the judgment debtor's account  
70 during the look-back period of [either the sixty-day period] two months  
71 preceding the date that the execution was served on the financial  
72 institution, or, with regard to federal benefits, such greater period as  
73 required by federal law. [, then the financial institution shall leave the  
74 lesser of the account balance or one thousand dollars in the judgment  
75 debtor's account, provided nothing] If no such deposits have been made  
76 to the judgment debtor's account during the look-back period, or if such  
77 readily identifiable funds are less than one thousand dollars, the  
78 financial institution shall leave in the judgment debtor's account as  
79 exempt pursuant to subsection (r) of section 52-352b the lesser of the  
80 account balance or one thousand dollars in the aggregate. To the extent  
81 that such funds are left in the judgment debtor's account as exempt  
82 pursuant to subsection (r) of section 52-352b, the provisions of said

83 subsection shall not be the basis for a claim of exemption pursuant to  
84 this subsection in response to a levy of execution.

85 (3) Nothing in this subsection shall be construed to limit a financial  
86 institution's right or obligation to remove such funds from the judgment  
87 debtor's account if required by any other provision of law or by a court  
88 order. The judgment debtor shall have full and customary access to such  
89 funds left in the judgment debtor's account pursuant to this subsection.  
90 The financial institution may notify the judgment creditor that funds  
91 have been left in the judgment debtor's account pursuant to this  
92 subsection. Nothing in this subsection shall alter the exempt status of  
93 funds which are exempt from execution under subsection (a) of this  
94 section or under any other provision of state or federal law, or the right  
95 of a judgment debtor to claim such exemption. Nothing in this  
96 subsection shall be construed to affect any other rights or obligations of  
97 the financial institution with regard to the funds in the judgment  
98 debtor's account.

|   |                 |                    |
|---|-----------------|--------------------|
| This act shall take effect as follows and shall amend the following sections: |                 |                    |
| Section 1   | October 1, 2021 | 52-367b(b) and (c) |

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.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill requires financial institutions to leave certain funds available in a judgement debtor's account and does not result in a fiscal impact.

House "A" makes technical and clarifying changes and does not result in a fiscal impact.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

**OLR Bill Analysis****sHB 6372 (as amended by House "A")\******AN ACT EXEMPTING FROM EXECUTION CERTAIN FUNDS IN A JUDGMENT DEBTOR'S ACCOUNT.*****SUMMARY**

By law, a creditor may obtain a court-ordered judgment against someone who owes him or her money (i.e., the debtor) and have an execution issued by the court served on any financial institution where the debtor has an account. Current law (1) exempts from execution the account balance, up to \$1,000, if readily identifiable electronic direct deposits from exempt sources or wages were made to the account in the previous 60 days (see BACKGROUND) or (2) alternatively allows a debtor to protect up to \$1,000 by filing an exemption from execution with the court (i.e., the "wildcard" exemption)(CGS § 52-352b(r)).

In cases where the debtor does not have readily identifiable electronic direct deposits from wages or exempt sources, this bill automatically exempts up to \$1,000 in an account from a bank execution without the debtor claiming the exemption with the court, as required under current law. It does so by requiring financial institutions to apply the wildcard exemption and leave up to an aggregate of \$1,000 in the debtor's account, if no electronic direct deposits are readily identifiable as being from protected sources or if those deposits are less than \$1,000.

If a financial institution applies the wildcard exemption, the bill prohibits an individual from petitioning the court to claim it in response to a levy of execution.

The bill also eliminates the \$1,000 cap for direct deposits from exempt sources, but it retains the cap for wages. (Under existing federal law, the \$1,000 cap has no legal effect with respect to certain federal benefits.) Thus, the bill requires financial institutions to leave in the debtor's

account the full amount of any funds directly deposited into the account from exempt sources in the last two months.

The bill also makes minor changes, including conforming the current 60-day look-back period in state law to the two-month look-back period prescribed by federal law (31 C.F.R. § 212.3).

\*House Amendment "A" specifies that the wildcard exemption cannot be claimed by an individual once it is applied by a financial institution and makes minor changes.

EFFECTIVE DATE: October 1, 2021

## **BACKGROUND**

### ***Exempt Sources***

Federal or state laws exempt from execution recent deposits made from the following sources:

1. federal veterans' benefits;
2. Social Security benefits, including retirement, survivors' and disability benefits;
3. supplemental security income benefits;
4. certain exempt benefits paid by the federal Railroad Retirement Board or Office of Personnel Management;
5. certain exempt unemployment compensation benefits; or
6. child support payments processed and received pursuant to federal law (31 C.F.R. 212.2 and CGS § 52-352b).

## **COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 12 Nay 6 (02/23/2021)