

Senate Bill No. 501

CHAPTER 800

An act to amend, repeal, and add Section 706.050 of the Code of Civil Procedure, relating to wage garnishment.

[Approved by Governor October 11, 2015. Filed with
Secretary of State October 11, 2015.]

LEGISLATIVE COUNSEL'S DIGEST

SB 501, Wieckowski. Wage garnishment restrictions.

The Wage Garnishment Law prescribes the procedure for withholding an employee's earnings for purposes of paying a debt. The law requires that a levy of execution upon the earnings of an employee be made by service of an earnings withholding order upon the employer. An earnings withholding order is issued by a levying officer upon receiving an application submitted by a judgment creditor, as specified. Existing law prohibits the amount of an individual judgment debtor's weekly disposable earnings subject to levy under an earnings withholding order from exceeding the lesser of 25% of the individual's weekly disposable earnings or the amount by which the individual's disposable earnings for the week exceed 40 times the state minimum hourly wage in effect at the time the earnings are payable, as specified, unless an exception applies. An employer is required, except as otherwise provided by statute, to withhold the amounts required by an earnings withholding order from all earnings of the employee payable for any pay period of the employee which ends during the withholding period.

This bill would, commencing July 1, 2016, reduce the prohibited amount of an individual judgment debtor's weekly disposable earnings subject to levy under an earnings withholding order from exceeding the lesser of 25% of the individual's weekly disposable earnings or 50% of the amount by which the individual's disposable earnings for the week exceed 40 times the state minimum hourly wage, or applicable local minimum hourly wage, if higher, in effect at the time the earnings are payable.

The people of the State of California do enact as follows:

SECTION 1. Section 706.050 of the Code of Civil Procedure is amended to read:

706.050. (a) Except as otherwise provided in this chapter, the maximum amount of disposable earnings of an individual judgment debtor for any workweek that is subject to levy under an earnings withholding order shall not exceed the lesser of the following:

(1) Twenty-five percent of the individual's disposable earnings for that week.

(2) The amount by which the individual's disposable earnings for that week exceed 40 times the state minimum hourly wage in effect at the time the earnings are payable.

(b) For any pay period other than weekly, the following multipliers shall be used to determine the maximum amount of disposable earnings subject to levy under an earnings withholding order that is proportional in effect to the calculation described in paragraph (2) of subdivision (a), except as specified in paragraph (1):

(1) For a daily pay period, the amounts shall be identical to the amounts described in subdivision (a).

(2) For a biweekly pay period, multiply the state hourly minimum wage by 80 work hours.

(3) For a semimonthly pay period, multiply the state hourly minimum wage by $86\frac{2}{3}$ work hours.

(4) For a monthly pay period, multiply the state hourly minimum wage by $173\frac{1}{3}$ work hours.

(c) This section shall become inoperative on July 1, 2016, and, as of January 1, 2017, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2017, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 2. Section 706.050 is added to the Code of Civil Procedure, to read:

706.050. (a) Except as otherwise provided in this chapter, the maximum amount of disposable earnings of an individual judgment debtor for any workweek that is subject to levy under an earnings withholding order shall not exceed the lesser of the following:

(1) Twenty-five percent of the individual's disposable earnings for that week.

(2) Fifty percent of the amount by which the individual's disposable earnings for that week exceed 40 times the state minimum hourly wage in effect at the time the earnings are payable. If a judgment debtor works in a location where the local minimum hourly wage is greater than the state minimum hourly wage, the local minimum hourly wage in effect at the time the earnings are payable shall be used for the calculation made pursuant to this paragraph.

(b) For any pay period other than weekly, the following multipliers shall be used to determine the maximum amount of disposable earnings subject to levy under an earnings withholding order that is proportional in effect to the calculation described in paragraph (2) of subdivision (a), except as specified in paragraph (1):

(1) For a daily pay period, the amounts shall be identical to the amounts described in subdivision (a).

(2) For a biweekly pay period, multiply the applicable hourly minimum wage by 80 work hours.

(3) For a semimonthly pay period, multiply the applicable hourly minimum wage by $86\frac{2}{3}$ work hours.

(4) For a monthly pay period, multiply the applicable hourly minimum wage by $173\frac{1}{3}$ work hours.

(c) This section shall become operative on July 1, 2016.