

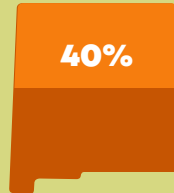
# Pass SB SB 216



## Protect Basic Needs for Families Facing Bankruptcy and Wage Garnishment

Sponsored by Sen. O'Neill & Rep. Chasey

Everyone should have access to basic needs while paying down debts. 40% of New Mexicans have debt in collections and thousands file for bankruptcy annually. Without updates to our law, families may never recover from or repay debts.



## NM's bankruptcy and debt collection laws have not been updated in decades.

*Families cannot make ends meet.*

Inflation has increased at a record **9%** and the cost of housing has increased by **20%** but the dollar value of property that is exempt from bankruptcy and wage garnishment has stayed the same.

Without the ability to retain the fair value of a car or home, families are never able to recover from bankruptcy or garnishment and face permanent loss of economic opportunity.

SB 216 would allow families in bankruptcy and collections to retain the fair value of property to meet basic needs.

## SB 216 would modernize our debt collection and bankruptcy laws by making these changes:

1. Increase value of exempt property in bankruptcy and other insolvency proceedings to the following levels and indexes them to the consumer price index:

- Occupied home up to \$150,000 (*last updated in 2007*)
- Vehicles up to \$10,000 (*last updated in 1983*)
- Working family and child tax credits received
- Other personal property up to \$15,000
- Various household goods which *have not been updated since the 1970's*.

2. Exempt or increase the value of the following property from wage garnishment:

- 40 times the highest applicable minimum wage
- Working family and child tax credits
- Property that is exempt under the statute, when kept in a bank account.

3. Improve written notice to employers and families facing wage garnishment.



# EXEMPTION TABLE

PROPERTY	CURRENT	PROPOSED	LAST CHANGED
Motor Vehicles	\$4,000 (1 car)	\$10,000 (Aggregate)	1983
Household goods and furnishings	100% exempt	\$75,000 (And additional categories added -- see below)	1983
Musical Instruments	May be considered household good	\$4,000	Newly proposed
Toys, games, sports, hobby, craft equipment	May be considered household good	\$2,500	Newly proposed
Works of art by person or relative exceeding	May be considered household good	\$2,500	Newly proposed
Electronic equipment	May be considered household good	\$1,500 per item	Newly proposed
Unemployment or worker's compensation benefits	May be considered household good	100% exempt	Newly proposed
Jewelry for use and not resale	\$2,500	\$5,000 (Plus wedding and engagements rings exempt)	1983
Tools of the trade	\$1,500	\$15,000	1983
Other personal property	\$500	\$15,000	1983
Homestead exemption – principal residence	\$60,000	\$150,000	2007
Homestead Exemption – Jointly owned	\$120,000	\$300,000	2007
Exemption in Lieu of Homestead Exemption	\$5,000	\$15,000	2007