



House of Representatives

General Assembly

File No. 574

January Session, 2021

House Bill No. 6466

House of Representatives, April 22, 2021

The Committee on Judiciary reported through REP. STAFSTROM of the 129th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

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 Section 52-352b of the general statutes is repealed and the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)] (10) One motor vehicle to the value of [three thousand five
23 hundred] seven thousand dollars, provided value shall be determined
24 as the fair market value of the motor vehicle less the amount of all liens
25 and security interests which encumber it;
- 26 [(k)] (11) Wedding and engagement rings;
- 27 [(l)] (12) Residential utility deposits for one residence, and one
28 residential security deposit;
- 29 [(m)] (13) Any assets or interests of an exemptioner in, or payments
30 received by the exemptioner from, a plan or arrangement described in
31 section 52-321a, as amended by this act;
- 32 [(n)] (14) Alimony and support, other than child support, but only to
33 the extent that wages are exempt from execution under section 52-361a;
- 34 [(o)] (15) An award under a crime reparations act;
- 35 [(p)] (16) All benefits allowed by any association of persons in this
36 state towards the support of any of its members incapacitated by
37 sickness or infirmity from attending to his usual business;
- 38 [(q)] (17) All moneys due the exemptioner from any insurance

39 company on any insurance policy issued on exempt property, to the
40 same extent that the property was exempt;

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

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

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

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

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

66 Sec. 2. Subdivision (1) of subsection (b) of section 12-162 of the general
67 statutes is repealed and the following is substituted in lieu thereof
68 (*Effective October 1, 2021*):

69 (b) (1) Except as provided in subdivision (2) of this subsection, upon

70 the nonpayment of any property tax or any water or sanitation charges
71 when due, demand having been made therefor as prescribed by law for
72 the collection of such tax or such water or sanitation charges, an alias tax
73 warrant may be issued by the tax collector, which may be in the
74 following form:

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

84 (In like manner insert the amount of any other property tax or other
85 water or sanitation charges which may have been levied or imposed in
86 any other year, including interest or penalty and charges which have
87 accumulated thereon). In default of payment of said amount you are
88 hereby commanded to levy for said tax or taxes or such water or
89 sanitation charges, including interest, penalty and charges, hereinafter
90 referred to as the amount due on such execution, upon any goods and
91 chattels of such person and dispose of the same as the law directs,
92 notwithstanding the provisions of [subsection (j)] subdivision (10) of
93 section 52-352b, and, after having satisfied the amount due on such
94 execution, return the surplus, if any, to him; or, except as otherwise
95 provided in section 12-162, you are to levy upon the real estate of such
96 person and sell such real property pursuant to section 12-157, to pay the
97 amount due on such execution; or you shall, in accordance with the
98 provisions of section 12-162, make demand upon the main office of any
99 financial institution indebted to such person, subject to the provisions of
100 section 52-367a or 52-367b, as if judgment for the amount due on such
101 execution had been entered, for that portion of any type of deposit to
102 the credit of or property held for such person, not exceeding in total
103 value the amount due on such execution; or you are to garnishee the
104 wages due such person from any employer, in the same manner as if a

105 wage execution therefor had been entered, in accordance with section
106 52-361a.

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

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

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

138 take precedence over any such recovery.

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

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

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

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

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

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

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

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

159 (r) For the purposes of this subsection, "exempt" has the same
160 meaning as provided in [subsection (c)] subdivision (3) of section 52-
161 352a, as amended by this act. Funds deposited in an account that has
162 been established for the express purpose of receiving electronic direct
163 deposits of public assistance or of Title IV-D child support payments
164 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)

JUD *Joint Favorable*

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.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**HB 6466*****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 to \$7,000, 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.

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)