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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **4100**

02/22/2024 Authored by Reyer, Xiong, Smith, Acomb, Moller and others
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy
03/20/2024 Adoption of Report: Amended and re-referred to the Committee on Judiciary Finance and Civil Law

1.1 A bill for an act

1.2 relating to consumer protection; modifying various provisions governing debt

1.3 collection, garnishment, medical debt, and consumer finance; providing for debtor

1.4 protections; modifying certain statutory forms; requiring a review of certain

1.5 statutory forms; amending Minnesota Statutes 2022, sections 176.175, subdivision

1.6 2; 334.01, by adding a subdivision; 519.05; 550.37, subdivisions 2, 4, 6, 12a, 14,

1.7 20, 22, 23, by adding subdivisions; 550.39; 563.01, subdivisions 3, 4, 8, 9, 10;

1.8 563.02, subdivision 2; 571.72, subdivisions 6, 8, 9, 10; 571.911; 571.914,

1.9 subdivision 1; 571.92; 571.921; 571.922; 571.924, subdivision 1; 571.925;

1.10 Minnesota Statutes 2023 Supplement, sections 144.587, subdivisions 1, 4; 270A.03,

1.11 subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 62J;

1.12 550; proposing coding for new law as Minnesota Statutes, chapter 332C.

1.13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.14 Section 1. **[62J.805] DEFINITIONS.**

1.15 Subdivision 1. **Application.** For purposes of sections 62J.805 to 62J.808, the following

1.16 terms have the meanings given.

1.17 Subd. 2. **Group practice.** "Group practice" has the meaning given to health care provider

1.18 group practice in section 145D.01, subdivision 1.

1.19 Subd. 3. **Health care provider.** "Health care provider" means:

1.20 (1) a health professional who is licensed or registered by the state to provide health

1.21 treatments and services within the professional's scope of practice and in accordance with

1.22 state law;

1.23 (2) a group practice; or

1.24 (3) a hospital.

2.1 Subd. 4. **Health plan.** "Health plan" has the meaning given in section 62A.011,
2.2 subdivision 3.

2.3 Subd. 5. **Hospital.** "Hospital" means a health care facility licensed as a hospital under
2.4 sections 144.50 to 144.56.

2.5 Subd. 6. **Medically necessary.** "Medically necessary" means:

2.6 (1) safe and effective;

2.7 (2) not experimental or investigational, except as provided in Code of Federal Regulations,
2.8 title 42, section 411.15(o);

2.9 (3) furnished in accordance with acceptable medical standards of medical practice for
2.10 the diagnosis or treatment of the patient's condition or to improve the function of a malformed
2.11 body member;

2.12 (4) furnished in a setting appropriate to the patient's medical need and condition;

2.13 (5) ordered and furnished by qualified personnel;

2.14 (6) meets, but does not exceed, the patient's medical need; and

2.15 (7) is at least as beneficial as an existing and available medically appropriate alternative.

2.16 Subd. 7. **Miscode.** "Miscode" means a health care provider or a health care provider's
2.17 designee, using a coding system and for billing purposes, assigns a numeric or alphanumeric
2.18 code to a health treatment or service provided to a patient and the code assigned does not
2.19 accurately reflect the health treatment or service provided based on factors that include the
2.20 patient's diagnosis and the complexity of the patient's condition.

2.21 Subd. 8. **Payment.** "Payment" includes co-payments and coinsurance and deductible
2.22 payments made by a patient.

2.23 **Sec. 2. [62J.806] POLICY FOR COLLECTION OF MEDICAL DEBT.**

2.24 Subdivision 1. **Requirement.** Each health care provider must make available to the
2.25 public the health care provider's policy for the collection of medical debt from patients. This
2.26 policy must be made available by:

2.27 (1) clearly posting it on the health care provider's website or, for health professionals,
2.28 on the website of the health clinic, group practice, or hospital at which the health professional
2.29 is employed or under contract; and

2.30 (2) providing a copy of the policy to any individual who requests it.

3.1 Subd. 2. **Content.** A policy made available under this section must at least specify the
3.2 procedures followed by the health care provider for:

3.3 (1) communicating with patients about the medical debt owed and collecting medical
3.4 debt;

3.5 (2) referring medical debt to a collection agency or law firm for collection; and

3.6 (3) identifying medical debt as uncollectible or satisfied, and ending collection activities.

3.7 Sec. 3. **[62J.807] DENIAL OF HEALTH TREATMENTS OR SERVICES DUE TO**
3.8 **OUTSTANDING MEDICAL DEBT.**

3.9 (a) A health care provider must not deny medically necessary health treatments or services
3.10 to a patient or any member of the patient's family or household because of outstanding or
3.11 previously outstanding medical debt owed by the patient or any member of the patient's
3.12 family or household to the health care provider, regardless of whether the health treatment
3.13 or service may be available from another health care provider.

3.14 (b) As a condition of providing medically necessary health treatments or services in the
3.15 circumstances described in paragraph (a), a health care provider may require the patient to
3.16 enroll in a payment plan for the outstanding medical debt owed to the health care provider.

3.17 Sec. 4. **[62J.808] BILLING AND PAYMENT FOR MISCODED HEALTH**
3.18 **TREATMENTS AND SERVICES.**

3.19 Subdivision 1. **Participation and cooperation required.** Each health care provider
3.20 must participate in, and cooperate with, all processes and investigations to identify, review,
3.21 and correct the coding of health treatments and services that are miscoded by the health
3.22 care provider or a designee.

3.23 Subd. 2. **Notice; billing and payment during review.** (a) When a health care provider
3.24 receives notice, other than notice from a health plan company as provided in paragraph (b),
3.25 or otherwise determines that a health treatment or service may have been miscoded, the
3.26 health care provider must notify the health plan company administering the patient's health
3.27 plan in a timely manner of the potentially miscoded health treatment or service.

3.28 (b) When a health plan company receives notice, other than notice from a health care
3.29 provider as provided in paragraph (a), or otherwise determines that a health treatment or
3.30 service may have been miscoded, the health plan company must notify the health care
3.31 provider who provided the health treatment or service of the potentially miscoded health
3.32 treatment or service.

4.1 (c) When a review of a potentially miscoded health treatment or service is commenced,
4.2 the health care provider and health plan company must notify the patient that a miscoding
4.3 review is being conducted and that the patient will not be billed for any health treatment or
4.4 service subject to the review and is not required to submit payments for any health treatment
4.5 or service subject to the review until the review is complete and any miscoded health
4.6 treatments or services are correctly coded.

4.7 (d) While a review of a potentially miscoded health treatment or service is being
4.8 conducted, the health care provider and health plan company must not bill the patient for,
4.9 or accept payment from the patient for, any health treatment or service subject to the review.

4.10 Subd. 3. **Billing and payment after completion of review.** The health care provider
4.11 and health plan company may bill the patient for, and accept payment from the patient for,
4.12 the health treatment or service that was subject to the miscoding review only after the review
4.13 is complete and any miscoded health treatments or services have been correctly coded.

4.14 Sec. 5. Minnesota Statutes 2023 Supplement, section 144.587, subdivision 1, is amended
4.15 to read:

4.16 Subdivision 1. **Definitions.** (a) The terms defined in this subdivision apply to this section
4.17 and sections 144.588 to 144.589.

4.18 (b) "Charity care" means the provision of free or discounted care to a patient according
4.19 to a hospital's financial assistance policies.

4.20 (c) "Hospital" means a private, nonprofit, or municipal hospital licensed under sections
4.21 144.50 to 144.56.

4.22 (d) "Insurance affordability program" has the meaning given in section 256B.02,
4.23 subdivision 19.

4.24 (e) "Navigator" has the meaning given in section 62V.02, subdivision 9.

4.25 (f) "Presumptive eligibility" has the meaning given in section 256B.057, subdivision
4.26 12.

4.27 ~~(g) "Revenue recapture" means the use of the procedures in chapter 270A to collect debt.~~

4.28 ~~(h)~~ (g) "Uninsured service or treatment" means any service or treatment that is not
4.29 covered by:

4.30 (1) a health plan, contract, or policy that provides health coverage to a patient; or

5.1 (2) any other type of insurance coverage, including but not limited to no-fault automobile
5.2 coverage, workers' compensation coverage, or liability coverage.

5.3 ~~(i)~~ (h) "Unreasonable burden" includes requiring a patient to apply for enrollment in a
5.4 state or federal program for which the patient is obviously or categorically ineligible or has
5.5 been found to be ineligible in the previous 12 months.

5.6 Sec. 6. Minnesota Statutes 2023 Supplement, section 144.587, subdivision 4, is amended
5.7 to read:

5.8 Subd. 4. **Prohibited actions.** (a) A hospital must not initiate one or more of the following
5.9 actions until the hospital determines that the patient is ineligible for charity care or denies
5.10 an application for charity care:

5.11 (1) offering to enroll or enrolling the patient in a payment plan;

5.12 (2) changing the terms of a patient's payment plan;

5.13 (3) offering the patient a loan or line of credit, application materials for a loan or line of
5.14 credit, or assistance with applying for a loan or line of credit, for the payment of medical
5.15 debt;

5.16 (4) referring a patient's debt for collections, including in-house collections, third-party
5.17 collections, ~~revenue recapture~~, or any other process for the collection of debt; or

5.18 ~~(5) denying health care services to the patient or any member of the patient's household
5.19 because of outstanding medical debt, regardless of whether the services are deemed necessary
5.20 or may be available from another provider; or~~

5.21 ~~(6)~~ (5) accepting a credit card payment of over \$500 for the medical debt owed to the
5.22 hospital.

5.23 (b) A hospital is subject to section 62J.807.

5.24 Sec. 7. Minnesota Statutes 2022, section 176.175, subdivision 2, is amended to read:

5.25 Subd. 2. **Nonassignability.** No claim for compensation or settlement of a claim for
5.26 compensation owned by an injured employee or dependents is assignable. Except as otherwise
5.27 provided in this chapter, any claim for compensation owned by an injured employee or
5.28 dependents is exempt from seizure or sale for the payment of any debt or liability, up to a
5.29 total amount of \$1,000,000 per claim and subsequent award.

6.1 Sec. 8. Minnesota Statutes 2023 Supplement, section 270A.03, subdivision 2, is amended
6.2 to read:

6.3 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by
6.4 section 14.02, subdivision 2, the regents of the University of Minnesota, any district court
6.5 of the state, any county, any statutory or home rule charter city, including a city that is
6.6 presenting a claim for ~~a municipal hospital or a public library or a municipal ambulance~~
6.7 ~~service, a hospital district, any ambulance service licensed under chapter 144E,~~ any public
6.8 agency responsible for child support enforcement, any public agency responsible for the
6.9 collection of court-ordered restitution, and any public agency established by general or
6.10 special law that is responsible for the administration of a low-income housing program.

6.11 Sec. 9. **[332C.01] DEFINITIONS.**

6.12 Subdivision 1. **Application.** For purposes of this chapter, the following terms have the
6.13 meanings given.

6.14 Subd. 2. **Collecting party.** "Collecting party" means a party engaged in the collection
6.15 of medical debt for any account, bill, or other indebtedness, except as hereinafter provided.

6.16 Subd. 3. **Debtor.** "Debtor" means a person obligated or alleged to be obligated to pay
6.17 any debt.

6.18 Subd. 4. **Medical debt.** "Medical debt" means debt incurred primarily for medically
6.19 necessary health treatment or services debt. Medical debt does not include debt charged to
6.20 a credit card unless the credit card is issued under a credit plan offered specifically for the
6.21 payment of health care treatment or services.

6.22 Subd. 5. **Medically necessary.** "Medically necessary" has the meaning given in section
6.23 62J.805, subdivision 6.

6.24 Subd. 6. **Person.** "Person" means any individual, partnership, association, or corporation.

6.25 Sec. 10. **[332C.02] PROHIBITED PRACTICES.**

6.26 No collecting party shall:

6.27 (1) in a collection letter, publication, invoice, or any oral or written communication,
6.28 threaten wage garnishment or legal suit by a particular lawyer, unless the collecting party
6.29 has actually retained the lawyer to do so;

7.1 (2) use or employ sheriffs or any other officer authorized to serve legal papers in
7.2 connection with the collection of a claim, except when performing their legally authorized
7.3 duties;

7.4 (3) use or threaten to use methods of collection which violate Minnesota law;

7.5 (4) furnish legal advice to debtors or represent that the collecting party is competent or
7.6 able to furnish legal advice to debtors;

7.7 (5) communicate with debtors in a misleading or deceptive manner by falsely using the
7.8 stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare,
7.9 or instruments which simulate the form and appearance of judicial process;

7.10 (6) publish or cause to be published any list of debtors, use shame cards or shame
7.11 automobiles, advertise or threaten to advertise for sale any claim as a means of forcing
7.12 payment thereof, or use similar devices or methods of intimidation;

7.13 (7) operate under a name or in a manner which falsely implies the collecting party is a
7.14 branch of or associated with any department of federal, state, county, or local government
7.15 or an agency thereof;

7.16 (8) transact business or hold itself out as a debt settlement company, debt management
7.17 company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates, or
7.18 pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or
7.19 liquidation is done pursuant to court order or under the supervision of a creditor's committee;

7.20 (9) unless an exemption in the law exists, violate Code of Federal Regulations, title 12,
7.21 part 1006, while attempting to collect on any account, bill, or other indebtedness. For
7.22 purposes of this section, Public Law 95-109 and Code of Federal Regulations, title 12, part
7.23 1006, apply to collecting parties;

7.24 (10) communicate with a debtor by use of an automatic telephone dialing system or an
7.25 artificial or prerecorded voice after the debtor expressly informs the collecting party to cease
7.26 communication utilizing an automatic telephone dialing system or an artificial or prerecorded
7.27 voice. For purposes of this clause, an automatic telephone dialing system or an artificial or
7.28 prerecorded voice includes but is not limited to (i) artificial intelligence chat bots, and (ii)
7.29 the usage of the term under the Telephone Consumer Protection Act, United States Code,
7.30 title 47, section 227(b)(1)(A);

7.31 (11) in collection letters or publications, or in any oral or written communication, imply
7.32 or suggest that medically necessary health treatment or services will be denied as a result
7.33 of a medical debt;

8.1 (12) when a debtor has a listed telephone number, enlist the aid of a neighbor or third
8.2 party to request that the debtor contact the collecting party, except a person who resides
8.3 with the debtor or a third party with whom the debtor has authorized with the collecting
8.4 party to place the request. This clause does not apply to a call back message left at the
8.5 debtor's place of employment which is limited solely to the collecting party's telephone
8.6 number and name;

8.7 (13) when attempting to collect a medical debt, fail to provide the debtor with the full
8.8 name of the collecting party, as registered with the secretary of state;

8.9 (14) fail to return any amount of overpayment from a debtor to the debtor or to the state
8.10 of Minnesota pursuant to the requirements of chapter 345;

8.11 (15) accept currency or coin as payment for a medical debt without issuing an original
8.12 receipt to the debtor and maintain a duplicate receipt in the debtor's payment records;

8.13 (16) attempt to collect any amount, including any interest, fee, charge, or expense
8.14 incidental to the charge-off obligation, from a debtor unless the amount is expressly
8.15 authorized by the agreement creating the medical debt or is otherwise permitted by law;

8.16 (17) falsify any documents with the intent to deceive;

8.17 (18) when initially contacting a Minnesota debtor by mail to collect a medical debt, fail
8.18 to include a disclosure on the contact notice, in a type size or font which is equal to or larger
8.19 than the largest other type of type size or font used in the text of the notice, that includes
8.20 and identifies the Office of the Minnesota Attorney General's general telephone number,
8.21 and states: "You have the right to hire your own attorney to represent you in this matter.";

8.22 (19) commence legal action to collect a medical debt outside the limitations period set
8.23 forth in section 541.053;

8.24 (20) report to a credit reporting agency any medical debt which the collecting party
8.25 knows or should know is or was originally owed to a health care provider, as defined in
8.26 section 62J.805, subdivision 2; or

8.27 (21) challenge a debtor's claim of exemption to garnishment or levy in a manner that is
8.28 baseless, frivolous, or otherwise in bad faith.

8.29 **Sec. 11. [332C.04] DEFENDING MEDICAL DEBT CASES.**

8.30 A debtor who successfully defends against a claim for payment of medical debt that is
8.31 alleged by a collecting party must be awarded the debtor's costs, including a reasonable
8.32 attorney fee, incurred in defending against the collecting party's claim for debt payment.

9.1 Sec. 12. [332C.06] ENFORCEMENT.

9.2 (a) The attorney general may enforce this chapter under section 8.31.

9.3 (b) A collecting party that violates this chapter is strictly liable to the debtor in question
9.4 for the sum of:

9.5 (1) actual damage sustained by the debtor as a result of the violation;

9.6 (2) additional damages as the court may allow, but not exceeding \$1,000 per violation;

9.7 and

9.8 (3) in the case of any successful action to enforce the foregoing, the costs of the action,
9.9 together with a reasonable attorney fee as determined by the court.

9.10 (c) A collecting party that willfully and maliciously violates this chapter is strictly liable
9.11 to the debtor for three times the sums allowable under paragraph (b), clauses (1) and (2).

9.12 (d) The dollar amount limit under paragraph (b), clause (2), changes on July 1 of each
9.13 even-numbered year in an amount equal to changes made in the Consumer Price Index,
9.14 compiled by the United States Bureau of Labor Statistics. The Consumer Price Index for
9.15 December 2024 is the reference base index. If the Consumer Price Index is revised, the
9.16 percentage of change made under this section must be calculated on the basis of the revised
9.17 Consumer Price Index. If a Consumer Price Index revision changes the reference base index,
9.18 a revised reference base index must be determined by multiplying the reference base index
9.19 that is effective at the time by the rebasing factor furnished by the Bureau of Labor Statistics.

9.20 (e) If the Consumer Price Index is superseded, the Consumer Price Index referred to in
9.21 this section is the Consumer Price Index represented by the Bureau of Labor Statistics as
9.22 most accurately reflecting changes in the prices paid by consumers for consumer goods and
9.23 services.

9.24 (f) The attorney general must publish the base reference index under paragraph (c) in
9.25 the State Register no later than September 1, 2024. The attorney general must calculate and
9.26 then publish the revised Consumer Price Index under paragraph (c) in the State Register no
9.27 later than September 1 each even-numbered year.

9.28 (g) An action brought under this section benefits the public.

9.29 (h) A collecting party may not be held liable in any action brought under this section if
9.30 the collecting party shows by a preponderance of evidence that the violation was not
9.31 intentional and resulted from a bona fide error made notwithstanding the maintenance of
9.32 procedures reasonably adopted to avoid any such error.

10.1 Sec. 13. Minnesota Statutes 2022, section 334.01, is amended by adding a subdivision to
10.2 read:

10.3 Subd. 4. **Contracts for medical care.** Interest for any debt owed to a health care provider
10.4 incurred in exchange for care, treatment, services, devices, medicines, or procedures to
10.5 maintain, diagnose, or treat a person's physical or mental health shall be at a rate of \$4 upon
10.6 \$100 for a year.

10.7 Sec. 14. Minnesota Statutes 2022, section 519.05, is amended to read:

10.8 **519.05 LIABILITY OF HUSBAND AND WIFE SPOUSES.**

10.9 (a) A spouse is not liable to a creditor for any debts of the other spouse. ~~Where husband~~
10.10 ~~and wife are living together, they shall be jointly and severally liable for necessary medical~~
10.11 ~~services that have been furnished to either spouse, including any claims arising under section~~
10.12 ~~246.53, 256B.15, 256D.16, or 261.04, and necessary household articles and supplies furnished~~
10.13 ~~to and used by the family.~~ Notwithstanding this paragraph, in a proceeding under chapter
10.14 518 the court may apportion such debt between the spouses.

10.15 (b) Either spouse may close a credit card account or other unsecured consumer line of
10.16 credit on which both spouses are contractually liable, by giving written notice to the creditor.

10.17 Sec. 15. Minnesota Statutes 2022, section 550.37, subdivision 2, is amended to read:

10.18 Subd. 2. ~~**Bible and musical instrument**~~ **Sacred possessions.** The family Bible, library,
10.19 ~~and musical instruments~~ Torah, Qur'an, prayer rug, and other religious items in an aggregate
10.20 amount not exceeding \$2,000.

10.21 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
10.22 of action commenced on or after that date.

10.23 Sec. 16. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
10.24 read:

10.25 Subd. 2a. **Library.** A personal library in an aggregate amount not exceeding \$2,000.

10.26 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
10.27 of action commenced on or after that date.

11.1 Sec. 17. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
11.2 read:

11.3 Subd. 2b. **Musical instruments.** Musical instruments in an aggregate amount not
11.4 exceeding \$2,000.

11.5 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
11.6 of action commenced on or after that date.

11.7 Sec. 18. Minnesota Statutes 2022, section 550.37, subdivision 4, is amended to read:

11.8 Subd. 4. **Personal goods.** (a) All wearing apparel, one watch, utensils, and foodstuffs
11.9 of the debtor and the debtor's family.

11.10 (b) Household furniture, household appliances, ~~phonographs, radio and television~~
11.11 ~~receivers~~ radios, computers, tablets, televisions, printers, cell phones, smart phones, and
11.12 other consumer electronics of the debtor and the debtor's family, not exceeding \$11,250 in
11.13 value.

11.14 (c) The debtor's aggregate interest, not exceeding \$3,062.50 in value, in ~~wedding rings~~
11.15 ~~or other religious or culturally recognized symbols of marriage exchanged between the~~
11.16 ~~debtor and spouse at the time of the marriage and in the debtor's possession~~ jewelry.

11.17 The exemption provided by this subdivision may not be waived except with regard to
11.18 purchase money security interests. Except for a pawnbroker's possessory lien, a nonpurchase
11.19 money security interest in the property exempt under this subdivision is void.

11.20 If a debtor has property of the type which would qualify for the exemption under clause
11.21 (b), of a value in excess of \$11,250 an itemized list of the exempt property, together with
11.22 the value of each item listed, shall be attached to the security agreement at the time a security
11.23 interest is taken, and a creditor may take a nonpurchase money security interest in the excess
11.24 over \$11,250 by requiring the debtor to select the exemption in writing at the time the loan
11.25 is made.

11.26 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
11.27 of action commenced on or after that date.

11.28 Sec. 19. Minnesota Statutes 2022, section 550.37, subdivision 6, is amended to read:

11.29 Subd. 6. **Tools of trade.** The tools, implements, machines, vehicles, instruments, office
11.30 furniture, stock in trade, and library reasonably necessary in the trade, business, or profession
11.31 of the debtor, not exceeding \$12,500 in value.

12.1 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
12.2 of action commenced on or after that date.

12.3 Sec. 20. Minnesota Statutes 2022, section 550.37, subdivision 12a, is amended to read:

12.4 Subd. 12a. **Motor vehicles.** One of the following: (1) one motor vehicle, to the extent
12.5 of a value not exceeding \$5,000 \$10,000; (2) one motor vehicle that is regularly used by or
12.6 for the benefit of a physically disabled person, as defined under section 169.345, subdivision
12.7 2, to the extent of a value not exceeding \$25,000; or (3) one motor vehicle, to the extent of
12.8 a value not exceeding ~~\$50,000~~ \$100,000, that has been designed or modified, ~~at a cost of~~
12.9 ~~not less than \$3,750,~~ to accommodate the ~~physical~~ disability making a disabled person
12.10 eligible for a certificate authorized by section 169.345.

12.11 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
12.12 of action commenced on or after that date.

12.13 Sec. 21. Minnesota Statutes 2022, section 550.37, subdivision 14, is amended to read:

12.14 Subd. 14. **Public assistance.** All government assistance based on need, and the earnings
12.15 or salary of a person who is a recipient of government assistance based on need, shall be
12.16 exempt from all claims of creditors including any contractual setoff or security interest
12.17 asserted by a financial institution. For the purposes of this chapter, government assistance
12.18 based on need includes but is not limited to Minnesota family investment program;
12.19 Supplemental Security Income;
12.20 dependent child; MinnesotaCare, received by the person or by the person's
12.21 payment of Medicare part B premiums or receipt of part D extra help; MFIP diversionary
12.22 work program;
12.23 emergency Minnesota supplemental assistance;
12.24 emergency assistance or county crisis funds; energy or fuel assistance, ~~and;~~
12.25 Supplemental Nutrition Assistance Program (SNAP); and the portion of any tax refund
12.26 attributable to a state or federal tax credit, including but not limited to the earned income
12.27 tax credit, state or federal child tax credit, Minnesota working family credit, renter's credit,
12.28 or any low-income tax credit. The salary or earnings of any debtor who is or has been an
12.29 eligible recipient of government assistance based on need, or an inmate of a correctional
12.30 institution shall, upon the debtor's return to private employment or farming after having
12.31 been an eligible recipient of government assistance based on need, or an inmate of a
12.32 correctional institution, be exempt from attachment, garnishment, or levy of execution for
12.33 a period of six months after the debtor's return to employment or farming and after all public

13.1 assistance for which eligibility existed has been terminated. Any portion of an income tax
13.2 refund consisting of income that was exempt when the income was earned is also exempt
13.3 under this subdivision. The exemption provisions contained in this subdivision also apply
13.4 ~~for 60 days~~ after deposit in any financial institution, whether in a single or joint account. In
13.5 tracing the funds, the first-in first-out method of accounting shall be used. The burden of
13.6 establishing that funds are exempt rests upon the debtor. Agencies distributing government
13.7 assistance and the correctional institutions shall, at the request of creditors, inform them
13.8 whether or not any debtor has been an eligible recipient of government assistance based on
13.9 need, or an inmate of a correctional institution, within the preceding six months.

13.10 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
13.11 of action commenced on or after that date.

13.12 Sec. 22. Minnesota Statutes 2022, section 550.37, subdivision 20, is amended to read:

13.13 Subd. 20. **Traceable funds.** The exemption of funds from creditors' claims, provided
13.14 by subdivisions 9, 10, 11, 15, 22, and 24, shall not be affected by the subsequent deposit of
13.15 the funds in a bank or any other financial institution, whether in a single or joint account,
13.16 if the funds are traceable to ~~their~~ the funds' exempt source. In tracing the funds, the first-in
13.17 first-out method of accounting shall be used. The burden of establishing that funds are
13.18 exempt rests upon the debtor. No bank or other financial institution shall be liable for
13.19 damages for complying with process duly issued out of any court for the collection of a
13.20 debt even if the funds affected by the process are subsequently determined to have been
13.21 exempt.

13.22 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
13.23 of action commenced on or after that date.

13.24 Sec. 23. Minnesota Statutes 2022, section 550.37, subdivision 22, is amended to read:

13.25 Subd. 22. **Rights of action.** Rights of action or money received for injuries to the person
13.26 of the debtor or of a relative whether or not resulting in death. Injuries to the person include
13.27 physical, mental, and emotional injuries. The exemption under this subdivision applies to
13.28 the right to receive, annuities being paid, and money already received.

13.29 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
13.30 of action commenced on or after that date.

14.1 Sec. 24. Minnesota Statutes 2022, section 550.37, subdivision 23, is amended to read:

14.2 Subd. 23. **Life insurance aggregate interest.** The debtor's aggregate interest not to
14.3 exceed in value \$10,000 in any accrued ~~dividend~~ dividends or interest under or loan value
14.4 of any unmaturing life insurance ~~contract~~ contracts owned by the debtor under which the
14.5 insured is the debtor or an individual of whom the debtor is a dependent.

14.6 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
14.7 of action commenced on or after that date.

14.8 Sec. 25. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
14.9 read:

14.10 Subd. 27. **Household tools and equipment.** The debtor's aggregate interest, not to
14.11 exceed \$3,000, in household tools and equipment, including but not limited to hand and
14.12 power tools, snow removal equipment, and lawnmowers.

14.13 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
14.14 of action commenced on or after that date.

14.15 Sec. 26. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
14.16 read:

14.17 Subd. 28. **Property tax refunds.** Any refund due under chapter 290A, up to a present
14.18 value of \$3,000.

14.19 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
14.20 of action commenced on or after that date.

14.21 Sec. 27. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
14.22 read:

14.23 Subd. 29. **Funds in a depository account.** An amount up to an aggregate of \$4,000 in
14.24 financial institutions in which the debtor has a depository account, regardless of the sources
14.25 of the funds, is exempt from garnishment under sections 571.91 to 571.915. This exemption
14.26 cannot be claimed in conjunction with the exemption under subdivision 30.

14.27 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to
14.28 garnishment levied on or after that date.

15.1 Sec. 28. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
15.2 read:

15.3 Subd. 30. **Wild card exemption in bankruptcy.** In a bankruptcy, a debtor may exempt
15.4 any property, including funds in a bank account, up to \$4,000 in value. A debtor cannot
15.5 claim this exemption if they are already protecting funds in a bank account under subdivision
15.6 29, nor may they use this subdivision in conjunction with subdivision 29.

15.7 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to exemptions
15.8 claimed on or after that date.

15.9 Sec. 29. **[550.3711] MOTOR VEHICLE; BANKRUPTCY DEBTOR'S RIGHT TO**
15.10 **RETAIN.**

15.11 Subdivision 1. **No default.** If a buyer does not default in performing the buyer's
15.12 obligations under the contract, the seller or holder is prohibited from (1) accelerating the
15.13 maturity of part or the entire amount due under the contract, or (2) repossessing the motor
15.14 vehicle.

15.15 Subd. 2. **Bankruptcy.** (a) Neither of the following constitutes a default in the performance
15.16 of the buyer's obligations under the contract: (1) the buyer or another individual liable under
15.17 the contract files a petition commencing a case for bankruptcy under United States Code,
15.18 title 11; or (2) the buyer or another individual liable under the contract is a debtor in
15.19 bankruptcy.

15.20 (b) The act or status under paragraph (a), clauses (1) and (2), with respect to the buyer
15.21 or another individual liable on the contract, must not be used by a seller or holder to: (1)
15.22 accelerate the maturity of a portion of or the entire amount due under the contract; or (2)
15.23 repossess the motor vehicle.

15.24 (c) A contract provision that states an act or status under paragraph (a), clauses (1) and
15.25 (2), with respect to the buyer or another individual liable on the contract, constitutes a default
15.26 is void and unenforceable.

15.27 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
15.28 of action commenced on or after that date.

16.1 Sec. 30. Minnesota Statutes 2022, section 550.39, is amended to read:

16.2 **550.39 EXEMPTION OF INSURANCE POLICIES.**

16.3 The net amount payable to any insured or to any beneficiary under any policy of accident
16.4 or disability insurance or under accident or disability clauses attached to any policy of life
16.5 insurance shall be exempt and free and clear from the claims of all creditors of such insured
16.6 or such beneficiary and from all legal and judicial processes of execution, attachment,
16.7 garnishment, or otherwise, up to a total amount of \$1,000,000 per claim and subsequent
16.8 award.

16.9 Sec. 31. Minnesota Statutes 2022, section 563.01, subdivision 3, is amended to read:

16.10 Subd. 3. Court fee waiver; authorization of in forma pauperis. (a) Any court of the
16.11 state of Minnesota or any political subdivision thereof may authorize the commencement
16.12 or defense of any civil action, or appeal therein, without prepayment of fees, costs and
16.13 security for costs by a natural person who makes affidavit stating (a) the nature of the action,
16.14 defense or appeal, (b) a belief that affiant is entitled to redress, and (c) that affiant is
16.15 financially unable to pay the fees, costs and security for costs.

16.16 (b) Upon a finding by the court that the action is not of a frivolous nature, the court shall
16.17 allow the person to proceed ~~in forma pauperis~~ with a court fee waiver if the affidavit is
16.18 substantially in the language required by this subdivision and is not found by the court to
16.19 be untrue. Persons meeting the requirements of this subdivision include, but are not limited
16.20 to, a person who is receiving public assistance described in section 550.37, subdivision 14,
16.21 who is represented by an attorney on behalf of a civil legal services program or a volunteer
16.22 attorney program based on indigency, or who has an annual income not greater than 125
16.23 percent of the poverty line established under United States Code, title 42, section 9902(2),
16.24 except as otherwise provided by section 563.02.

16.25 (c) If, at commencement of the action, the court finds that a party does not meet the
16.26 eligibility criteria under paragraph (b), but the court also finds that the party is not able to
16.27 pay all of the fees, costs, and security for costs, the court may order payment of a fee of \$75
16.28 or partial payment of the fees, costs, and security for costs, to be paid as directed by the
16.29 court.

16.30 The court administrator shall transmit any fees or payments to the commissioner of
16.31 management and budget for deposit in the state treasury and credit to the general fund.

17.1 Sec. 32. Minnesota Statutes 2022, section 563.01, subdivision 4, is amended to read:

17.2 Subd. 4. **Payment of expenses.** Upon order of the court, the court administrator and the
17.3 sheriff of any Minnesota county shall perform their duties without charge to the person
17.4 proceeding ~~in forma pauperis~~ with a court fee waiver. The court shall direct payment of the
17.5 reasonable expense of service of process pursuant to subdivision 2 if served by a private
17.6 process server, if the sheriff is unavailable, or by publication.

17.7 Sec. 33. Minnesota Statutes 2022, section 563.01, subdivision 8, is amended to read:

17.8 Subd. 8. **Appellate briefs.** In any case on appeal the appellate court shall, upon granting
17.9 permission to proceed ~~in forma pauperis~~ with a court fee waiver following application in
17.10 the manner provided in subdivision 3, direct payment of the reasonable expenses incurred
17.11 in obtaining the record and reproducing the appellate briefs.

17.12 Sec. 34. Minnesota Statutes 2022, section 563.01, subdivision 9, is amended to read:

17.13 Subd. 9. **Rescinding ~~in forma pauperis status~~ court fee waiver.** Upon motion, the
17.14 court may rescind its permission to proceed ~~in forma pauperis~~ with a court fee waiver if ~~it~~
17.15 the court finds the allegations of poverty contained in the affidavit are untrue, or if, following
17.16 commencement of the action, the party becomes able to pay the fees, costs and security for
17.17 the costs. In such cases, the court may direct the party to pay to the court administrator any
17.18 costs allowing the action to proceed. The court administrator shall transmit the costs to the
17.19 commissioner of management and budget for deposit in the state treasury and credit them
17.20 to the general fund.

17.21 Sec. 35. Minnesota Statutes 2022, section 563.01, subdivision 10, is amended to read:

17.22 Subd. 10. **Judgment.** Judgment may be rendered for costs at the conclusion of the action
17.23 as in other cases. In the event any person recovers moneys by either settlement or judgment
17.24 as a result of commencing or defending an action ~~in forma pauperis~~ with a court fee waiver,
17.25 the costs deferred and the expenses directed by the court to be paid under this section shall
17.26 be included in such moneys and shall be paid directly to the court administrator by the
17.27 opposing party. The court administrator shall transmit the costs to the commissioner of
17.28 management and budget for deposit in the state treasury and credit them to the general fund.

17.29 Sec. 36. Minnesota Statutes 2022, section 563.02, subdivision 2, is amended to read:

17.30 Subd. 2. **Inmate request to ~~proceed in forma pauperis~~ waive court fees.** (a) An inmate
17.31 who wishes to commence a civil action ~~by proceeding in forma pauperis~~ with court fee

18.1 waived must meet the following requirements, in addition to the requirements of section
18.2 563.01, subdivision 3:

18.3 (1) exhaust the inmate complaint procedure developed under the commissioner of
18.4 corrections policy and procedure before commencing a civil action against the department,
18.5 and state in the application to ~~proceed in forma pauperis~~ waive court fees that the inmate
18.6 has done so; and

18.7 (2) include the following information in an affidavit submitted under section 563.01:

18.8 (i) a statement that the inmate's claim is not substantially similar to a previous claim
18.9 brought by the inmate against the same party, arising from the same operative facts, and in
18.10 which there was an action that operated as an adjudication on the merits;

18.11 (ii) complete information on the inmate's identity, the nature and amount of the inmate's
18.12 income, spouse's income, if available to the inmate, real property owned by the inmate, and
18.13 the inmate's bank accounts, debts, monthly expenses, and number of dependents; and

18.14 (iii) the most recent monthly statement provided by the commissioner of corrections
18.15 showing the balance in the inmate's inmate account.

18.16 (b) The inmate shall also attach a written authorization for the court to obtain at any
18.17 time during pendency of the present action, without further authorization from the inmate,
18.18 a current statement of the inmate's inmate account balance, if needed to determine eligibility
18.19 to proceed with bringing a civil action ~~in forma pauperis~~ with court fees waived. An inmate
18.20 who has no funds in an inmate account satisfies the requirement of section 563.01,
18.21 subdivision 3, clause (c).

18.22 (c) An inmate who seeks to proceed as a plaintiff ~~in forma pauperis~~ with court fees
18.23 waived must file with the court the complaint in the action and the affidavit under this
18.24 section before serving the complaint on an opposing party.

18.25 (d) An inmate who has funds in an inmate account may only proceed as a plaintiff in a
18.26 civil action by paying the lesser of:

18.27 (1) the applicable court filing fee; or

18.28 (2) 50 percent of the balance shown in the inmate's account according to the statement
18.29 filed with the court under this subdivision, consistent with the requirements of section
18.30 243.23, subdivision 3.

18.31 (e) If an inmate elects to proceed under paragraph (d), the court shall notify the
18.32 commissioner of corrections to withdraw from the inmate's account the amount required

19.1 under this section and forward the amount to the court administrator in the county where
 19.2 the action was commenced. The court shall also notify the commissioner of corrections of
 19.3 the amount of the filing fee remaining unpaid. The commissioner shall continue making
 19.4 withdrawals from the inmate's account and forwarding the amounts withdrawn to the court
 19.5 administrator, at intervals as the applicable funds in the inmate's account equal at least \$10,
 19.6 until the entire filing fee and any costs have been paid in full.

19.7 Sec. 37. Minnesota Statutes 2022, section 571.72, subdivision 6, is amended to read:

19.8 Subd. 6. **Bad faith claim.** If, in a proceeding brought under subdivision 9, section 571.91,
 19.9 or a similar proceeding under this chapter to determine a claim of exemption, the claim of
 19.10 exemption is not upheld, and the court finds that it was asserted in bad faith, the creditor
 19.11 shall be awarded actual damages, costs, reasonable attorney fees resulting from the additional
 19.12 proceedings, and an amount not to exceed \$100. If the claim of exemption is upheld, and
 19.13 the court finds that the creditor disregarded the claim of exemption in bad faith, the debtor
 19.14 shall be awarded actual damages, costs, reasonable attorney fees resulting from the additional
 19.15 proceedings, and an amount not to exceed \$100. The underlying judgment shall be modified
 19.16 to reflect assessment of damages, costs, and attorney fees. However, if the party in whose
 19.17 favor a penalty assessment is made is not actually indebted to that party's attorney for fees,
 19.18 the attorney's fee award shall be made directly to the attorney and if not paid an appropriate
 19.19 judgment in favor of the attorney shall be entered.

19.20 Sec. 38. Minnesota Statutes 2022, section 571.72, subdivision 8, is amended to read:

19.21 Subd. 8. **Exemption notice.** In every garnishment where the debtor is a natural person,
 19.22 the debtor shall be provided with a garnishment exemption notice. If the creditor is garnishing
 19.23 earnings, the earnings exemption notice provided in section 571.924 must be served ten or
 19.24 more days before the service of the first garnishment summons. If the creditor is garnishing
 19.25 funds in a financial institution, the exemption notice provided in section 571.912 must be
 19.26 served with the garnishment summons. In all other cases, the exemption notice must be in
 19.27 the following form and served on the debtor with a copy of the garnishment summons.

19.28 STATE OF MINNESOTA DISTRICT COURT
 19.29 COUNTY OF JUDICIAL DISTRICT
 19.30(Creditor)
 19.31 against
 19.32(Debtor) EXEMPTION NOTICE
 19.33 and
 19.34(Garnishee)

20.1 A Garnishment Summons is being served upon you. Some of your property may be
20.2 exempt and cannot be garnished. The following is a list of some of the more common
20.3 exemptions. It is not complete and is subject to section 550.37 of the Minnesota Statutes
20.4 and other state and federal laws. The dollar amounts contained in this list are subject to the
20.5 provisions of section 550.37, subdivision 4a, at the time of garnishment. If you have questions
20.6 about an exemption, you should obtain legal advice.

20.7 (1) a homestead or the proceeds from the sale of a homestead;

20.8 (2) household furniture, appliances, phonographs, radios, and televisions up to a total
20.9 current value of \$5,850;

20.10 (3) a manufactured (mobile) home used as your home;

20.11 (4) one motor vehicle currently worth less than \$2,600 after deducting any security
20.12 interest;

20.13 (5) farm machinery used by an individual principally engaged in farming, or tools,
20.14 machines, or office furniture used in your business or trade. This exemption is limited to
20.15 \$13,000;

20.16 (6) relief based on need. This includes:

20.17 (i) Minnesota Family Investment Program (MFIP) and Work First Program;

20.18 (ii) Medical Assistance (MA), whether received by you or by your dependent child;

20.19 (iii) General Assistance (GA);

20.20 (iv) Emergency General Assistance (EGA);

20.21 (v) Minnesota Supplemental AID (MSA);

20.22 (vi) MSA-Emergency Assistance (MSA-EA);

20.23 (vii) Supplemental Security Income (SSI);

20.24 (viii) Energy Assistance; and

20.25 (ix) Emergency Assistance (EA);

20.26 (7) Social Security benefits;

20.27 (8) unemployment benefits, workers' compensation, or veteran's benefits;

20.28 (9) an accident, disability, or retirement pension or annuity;

20.29 (10) life insurance proceeds;

21.1 (11) earnings of your minor child; and

21.2 (12) money from a claim for damage or destruction of exempt property (such as household
21.3 goods, farm tools, business equipment, a manufactured (mobile) home, or a car).

21.4 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to exemption
21.5 notices provided on or after that date.

21.6 Sec. 39. Minnesota Statutes 2022, section 571.72, subdivision 9, is amended to read:

21.7 Subd. 9. **Motion to determine objections.** (a) This subdivision applies to all garnishment
21.8 proceedings governed by this chapter. An objection regarding a garnishment must be
21.9 interposed as provided in section 571.914, subdivision 1, in the form provided under section
21.10 571.914, subdivision 2.

21.11 (b) Upon motion of any party in interest, on notice, the court shall determine the validity
21.12 of any claim of exemption and may make any order necessary to protect the rights of those
21.13 interested.

21.14 (c) Upon receipt of a claim of exemption by the debtor, the creditor must comply with
21.15 the claim or interpose an objection within ten business days of the date the exemption claim
21.16 was received. An objection must be interposed by:

21.17 (1) in the district court that issued the judgment, filing the Notice of Objection and
21.18 requesting a hearing; and

21.19 (2) mailing or delivering one copy of the Notice of Objection and Notice of Hearing to
21.20 the garnishee and one copy of the Notice of Objection and Notice of Hearing to the debtor.

21.21 (d) For the purposes of subdivision 6, there is a rebuttable presumption of bad faith if
21.22 the court finds that the creditor failed to comply with the requirements of this subdivision.

21.23 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
21.24 of action commenced on or after that date.

21.25 Sec. 40. Minnesota Statutes 2022, section 571.72, subdivision 10, is amended to read:

21.26 Subd. 10. **Exemption notice for prejudgment garnishment.**

21.27 **EXEMPTION NOTICE**

21.28 **IMPORTANT NOTICE: A garnishment summons may be served on your employer,**
21.29 **bank, or other third parties without any further court proceeding or notice to you.**
21.30 **See the attached Notice of Intent to Garnish for more information.**

22.1 **The following money and wages may be protected (the legal word is exempt) from**
22.2 **garnishment:**

22.3 **1. Financial institutions/bank**

22.4 Some of the money in your account may be protected because you receive government
22.5 benefits from one or more of the following places:

22.6 **MFIP** - Minnesota family investment program,

22.7 **MFIP Diversionary Work Program,**

22.8 **Work participation cash benefit,**

22.9 **GA** - general assistance,

22.10 **EA** - emergency assistance,

22.11 **MA** - medical assistance, whether received by you or by your dependent child,

22.12 **EGA** - emergency general assistance or county crisis funds,

22.13 **MSA** - Minnesota supplemental aid,

22.14 **MSA-EA** - MSA emergency assistance,

22.15 **Supplemental Nutrition Assistance Program (SNAP),**

22.16 **SSI - Supplemental Security Income,**

22.17 **MinnesotaCare,** whether received by you or by your dependent child,

22.18 **Medicare Part B premium payments,**

22.19 **Medicare Part D extra help,**

22.20 **Energy or fuel assistance,**

22.21 **Social Security benefits,**

22.22 **Unemployment benefits,**

22.23 **Workers' compensation,**

22.24 **Veterans benefits.**

22.25 **Sending the creditor's attorney (or creditor, if no attorney) a copy of BANK**

22.26 **STATEMENTS that show what was in your account for the past 60 days may give the**

22.27 **creditor enough information about your exemption claim to avoid a garnishment.**

22.28 **2. Earnings**

23.1 All or some of your earnings may be completely protected from garnishment if:

23.2 **All of your earnings (wages) may be protected if:**

23.3 You get government benefits (see list of government benefits)

23.4 You currently receive other assistance based on need

23.5 You have received government benefits in the last six months

23.6 You were in jail or prison in the last six months

23.7 Your wages are only protected for 60 days after they are deposited in your account so

23.8 **it would be helpful if you immediately send the undersigned creditor a copy of BANK**

23.9 **STATEMENTS** that show what was in your account **for the past 60 days.**

23.10 **Some of your earnings (wages) may be protected if:**

23.11 If all of your earnings are not exempt, some of your earnings may still be protected for

23.12 20 days after they were deposited in your account. The amount protected is the larger amount

23.13 of:

23.14 75 percent of your wages (after taxes are taken out); or

23.15 (insert the sum of the current federal minimum wage) multiplied by 40.

23.16 **The money from the following are also exempt for 20 days after they are deposited**

23.17 **in your account.**

23.18 **An accident, disability, or retirement pension or annuity**

23.19 **Payments to you from a life insurance policy**

23.20 **Earnings of your child who is under 18 years of age**

23.21 **Child support**

23.22 **Money paid to you from a claim for damage or destruction of property.** Property

23.23 includes household goods, farm tools or machinery, tools for your job, business equipment,

23.24 a mobile home, a car, a musical instrument, a pew or burial lot, clothes, furniture, or

23.25 appliances.

23.26 **Death benefits paid to you.**

23.27 **YOU WILL BE ABLE TO CLAIM THESE EXEMPTIONS WHEN YOU**

23.28 **RECEIVE A NOTICE. You will get the notice at least ten days BEFORE a wage**

23.29 **garnishment. BUT if the creditor garnishes your bank account, you will not get the**

23.30 **notice until AFTER the account has been frozen. IF YOU BELIEVE THE MONEY**

24.1 **IN YOUR BANK ACCOUNT OR YOUR WAGES ARE EXEMPT, YOU SHOULD**
 24.2 **IMMEDIATELY CONTACT THE PERSON BELOW. YOU SHOULD TELL THEM**
 24.3 **WHY YOU THINK YOUR ACCOUNT OR WAGES ARE EXEMPT TO SEE IF**
 24.4 **YOU CAN AVOID GARNISHMENT.**

24.5 Creditor

24.6 Creditor address

24.7 Creditor telephone number

24.8 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to exemption
 24.9 notices provided on or after that date.

24.10 Sec. 41. Minnesota Statutes 2022, section 571.911, is amended to read:

24.11 **571.911 EXEMPTION NOTICE; DUTY OF FINANCIAL INSTITUTION.**

24.12 (a) If the garnishment summons is used to garnish funds of a debtor who is a natural
 24.13 person and if the funds to be garnished are held on deposit at a financial institution, the
 24.14 creditor shall serve with the garnishee summons a notice, instructions, and two copies of
 24.15 an exemption notice. The notice, instructions, and exemption notices must be substantially
 24.16 in the forms set forth in section 571.912. Failure of the creditor to send the exemption notice
 24.17 renders the garnishment void, and the financial institution shall take no action.

24.18 (b) Unless the total amount in the depository accounts under the debtor's name is less
 24.19 than the amount specified under section 550.37, subdivision 29, upon receipt of the
 24.20 garnishment summons and exemption notices, the financial institution shall retain as much
 24.21 of the amount under section 571.73 as the financial institution has on deposit owing to the
 24.22 debtor, but not more than 110 percent of the creditor's claim. If the amount in the account
 24.23 does not exceed the amount specified under section 550.37, subdivision 29, the bank must
 24.24 notify the creditor that no funds are retained.

24.25 (c) If the creditor receives notice from the financial institution that no funds are retained,
 24.26 the creditor is prohibited from sending the notice under section 571.912.

24.27 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
 24.28 of action commenced on or after that date.

24.29 Sec. 42. Minnesota Statutes 2022, section 571.914, subdivision 1, is amended to read:

24.30 Subdivision 1. **Objections and request for hearing.** ~~An objection shall be interposed,~~
 24.31 ~~within six business days of receipt by the creditor of an exemption claim from the debtor,~~
 24.32 ~~by mailing or delivering one copy of the Notice of Objection and Notice of Hearing to the~~

25.1 ~~financial institution and one copy of the Notice of Objection and Notice of Hearing to the~~
25.2 ~~debtor.~~

25.3 (a) The Notice of Objection and Notice of Hearing form must be substantially in the
25.4 form set out in subdivision 2.

25.5 (b) The court administrator may charge a fee of \$1 for the filing of a Notice of Objection
25.6 and Notice of Hearing. Upon the filing of a Notice of Objection and Notice of Hearing, the
25.7 court administrator shall schedule the matter for hearing no sooner than five business days
25.8 but no later than seven business days from the date of filing. A debtor may request
25.9 continuance of the hearing by notifying the creditor and the court. The court shall schedule
25.10 the continued hearing within seven days of the original hearing date.

25.11 (c) An order stating whether the debtor's funds are exempt shall be issued by the court
25.12 within three days of the date of the hearing.

25.13 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
25.14 of action commenced on or after that date.

25.15 Sec. 43. Minnesota Statutes 2022, section 571.92, is amended to read:

25.16 **571.92 GARNISHMENT OF EARNINGS.**

25.17 Sections 571.921 to 571.926 relate to the garnishment of earnings. The exemptions
25.18 available under section 550.37 apply to the garnishment of earnings if the debtor is a resident
25.19 of Minnesota and the debtor's place of employment is in Minnesota, regardless of where
25.20 the employer is domiciled.

25.21 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
25.22 of action commenced on or after that date.

25.23 Sec. 44. Minnesota Statutes 2022, section 571.921, is amended to read:

25.24 **571.921 DEFINITIONS.**

25.25 For purposes of sections 571.921 to 571.926, the following terms have the meanings
25.26 given them:

25.27 (a) "Earnings" means:

25.28 (1) compensation paid or payable to an employee, independent contractor, or
25.29 self-employed person for personal service whether denominated as wages, salary,
25.30 commissions, bonus, payments, profit-sharing distribution, severance payment, fees, or
25.31 otherwise, and includes periodic payments pursuant to a pension or retirement program;

26.1 (2) compensation paid or payable to the producer for the sale of agricultural products;
26.2 livestock or livestock products; milk or milk products; or fruit or other horticultural products
26.3 produced when the producer is operating a family farm, a family farm corporation, or an
26.4 authorized farm corporation, as defined in section 500.24, subdivision 2; or

26.5 (3) maintenance as defined in section 518.003, subdivision 3a.

26.6 (b) "Disposable earnings" means that part of the earnings of an individual remaining
26.7 after the deduction from those earnings of amounts required by law to be withheld.

26.8 (c) "Employee" means an individual ~~who performs services subject to the right of the~~
26.9 ~~employer to control both what is done and how it is done,~~ whether currently or formerly
26.10 employed, who is owed earnings and who:

26.11 (1) is treated by an employer as an employee for federal employment tax purposes; or

26.12 (2) receives earnings from an employer through periodic payments and is not treated by
26.13 the employer as an employee for federal employment tax purposes.

26.14 (d) "Employer" means a person ~~for whom an individual performs services as an employee~~
26.15 who owes or will owe earnings to an employee.

26.16 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
26.17 of action commenced on or after that date.

26.18 Sec. 45. Minnesota Statutes 2022, section 571.922, is amended to read:

26.19 **571.922 LIMITATION ON WAGE GARNISHMENT.**

26.20 (a) Unless the judgment is for child support, the maximum part of the aggregate
26.21 disposable earnings of an individual for any pay period subjected to garnishment may not
26.22 exceed the lesser of:

26.23 (1) 25 percent of the debtor's disposable earnings, if the debtor's weekly income exceeds
26.24 120 times the greater of the hourly wage described in section 571.922, paragraph (a), clause
26.25 (4); or

26.26 (2) 15 percent of the debtor's disposable earnings, if the debtor's weekly income exceeds
26.27 80 times but is less than or equal to 120 times the greater of the hourly wages described in
26.28 section 571.922, paragraph (a), clause (4); or

26.29 (3) five percent of the debtor's disposable earnings, if the debtor's weekly income exceeds
26.30 40 times but is less than or equal to 80 times the greater of the hourly wages described in
26.31 section 571.922, paragraph (a), clause (4).

27.1 (b) The amount by which the debtor's disposable earnings exceed the greater of:

27.2 ~~(i)~~ (1) 40 times the hourly wage described in section 177.24, subdivision 1, paragraph
27.3 (b), clause (1), item (iii); or

27.4 ~~(ii)~~ (2) 40 times the federal minimum hourly wages prescribed by section 6(a)(1) of the
27.5 Fair Labor Standards Act of 1938, United States Code, title 29, section 206(a)(1). The
27.6 calculation of the amount that is subject to garnishment must be based on the hourly wage
27.7 in effect at the time the earnings are payable, times the number of work weeks in the pay
27.8 period. When a pay period consists of other than a whole number of work weeks, each day
27.9 of that pay period in excess of the number of completed work weeks shall be counted as a
27.10 fraction of a work week equal to the number of excess workdays divided by the number of
27.11 days in the normal work week.

27.12 ~~(b)~~ (c) If the judgment is for child support, the garnishment may not exceed:

27.13 (1) 50 percent of the judgment debtor's disposable income, if the judgment debtor is
27.14 supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks
27.15 to be calculated to the beginning of the work week in which the execution levy is received);

27.16 (2) 55 percent of the judgment debtor's disposable income, if the judgment debtor is
27.17 supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks
27.18 to be calculated to the beginning of the work week in which the garnishment summons is
27.19 received);

27.20 (3) 60 percent of the judgment debtor's disposable income, if the judgment debtor is not
27.21 supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks
27.22 to be calculated to the beginning of the work week in which the execution levy is received);
27.23 or

27.24 (4) 65 percent of the judgment debtor's disposable income, if the judgment debtor is not
27.25 supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks
27.26 to be calculated to the beginning of the work week in which the garnishment summons is
27.27 received).

27.28 Wage garnishments on judgments for child support are effective until the judgments are
27.29 satisfied if the judgment creditor is a county and the employer is notified by the county
27.30 when the judgment is satisfied.

27.31 ~~(e)~~ (d) No court may make, execute, or enforce an order or any process in violation of
27.32 this section.

28.1 Sec. 46. Minnesota Statutes 2022, section 571.924, subdivision 1, is amended to read:

28.2 Subdivision 1. **Requirement.** The creditor shall serve upon the debtor, no less than ten
 28.3 days before the service of the garnishment summons, a notice that a summons may be issued.
 28.4 The notice shall: (1) be substantially in the form set out in section 571.925; (2) be served
 28.5 personally, in the manner of a summons and complaint, or by first class mail to the last
 28.6 known address of the debtor; (3) inform the debtor that a garnishment summons may be
 28.7 served on the debtor's employer after ten days, and that the debtor may, within that time,
 28.8 cause to be served on the creditor a signed statement under penalties of perjury asserting
 28.9 an entitlement to an exemption from garnishment; (4) inform the debtor of the earnings
 28.10 garnishment exemptions contained in section 550.37, subdivision 14; ~~and~~ (5) advise the
 28.11 debtor of the relief set forth in this chapter to which the debtor may be entitled if a creditor
 28.12 in bad faith disregards a valid claim and the fee, costs, and penalty that may be assessed
 28.13 against a debtor who in bad faith falsely claims an exemption or in bad faith takes action
 28.14 to frustrate the garnishment process; and (6) provide in type that is at least two points larger
 28.15 than the body of the notice: (i) the date upon which the notice is mailed; (ii) a mailing
 28.16 address and an email address for delivery of an exemption claim; and (iii) a telephone
 28.17 number for the creditor's attorney or the creditor.

28.18 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
 28.19 of action commenced on or after that date.

28.20 Sec. 47. Minnesota Statutes 2022, section 571.925, is amended to read:

28.21 **571.925 FORM OF NOTICE.**

28.22 The ten-day notice informing a debtor that a garnishment summons may be used to
 28.23 garnish the earnings of an individual must be substantially in the following form:

28.24	STATE OF MINNESOTA	DISTRICT COURT
28.25	COUNTY OFJUDICIAL DISTRICT
28.26(Creditor)	
28.27	against	
28.28		GARNISHMENT EXEMPTION
28.29(Debtor)	NOTICE AND NOTICE OF
28.30	and	INTENT TO GARNISH EARNINGS
28.31(Garnishee)	

28.32 PLEASE TAKE NOTICE that a garnishment summons or levy may be served upon
 28.33 your employer or other third parties, without any further court proceedings or notice to you,

29.1 ten days or more from the date hereof. Some or all of your earnings are exempt from
 29.2 garnishment. If your earnings are garnished, your employer must show you how the amount
 29.3 that is garnished from your earnings was calculated. You have the right to request a hearing
 29.4 if you claim the garnishment is incorrect.

29.5 Your earnings are completely exempt from garnishment if you are now a recipient of
 29.6 assistance based on need, if you have been a recipient of assistance based on need within
 29.7 the last six months, or if you have been an inmate of a correctional institution in the last six
 29.8 months.

29.9 Assistance based on need includes, but is not limited to:

29.10 **MFIP - Minnesota family investment program,**
 29.11 **MFIP Diversionary Work Program,**
 29.12 **Work participation cash benefit,**
 29.13 **GA - general assistance,**
 29.14 **EA - emergency assistance,**
 29.15 **MA - medical assistance, whether received by you or by your dependent child,**
 29.16 **EGA - emergency general assistance,**
 29.17 **MSA - Minnesota supplemental aid,**
 29.18 **MSA-EA - MSA emergency assistance,**
 29.19 **Supplemental Nutrition Assistance Program (SNAP),**
 29.20 **SSI - Supplemental Security Income,**
 29.21 **MinnesotaCare, whether received by you or by your dependent child,**
 29.22 **Medicare Part B premium payments,**
 29.23 **Medicare Part D extra help,**
 29.24 **Energy or fuel assistance.**

29.25 If you wish to claim an exemption, you should fill out the appropriate form below, sign
 29.26 it, and send it to the creditor's attorney and the garnishee.

29.27 You may wish to contact the attorney for the creditor in order to arrange for a settlement
 29.28 of the debt or contact an attorney to advise you about exemptions or other rights.

29.29 PENALTIES

29.30 (1) Be advised that even if you claim an exemption, a garnishment summons may still
 29.31 be served on your employer. If your earnings are garnished after you claim an exemption,
 29.32 you may petition the court for a determination of your exemption. If the court finds that
 29.33 the creditor disregarded your claim of exemption in bad faith, you will be entitled to
 29.34 costs, reasonable attorney fees, actual damages, and an amount not to exceed \$100.

30.1 (2) HOWEVER, BE WARNED if you claim an exemption, the creditor can also petition
 30.2 the court for a determination of your exemption, and if the court finds that you claimed
 30.3 an exemption in bad faith, you will be assessed costs and reasonable attorney's fees plus
 30.4 an amount not to exceed \$100.

30.5 (3) If after receipt of this notice, you in bad faith take action to frustrate the garnishment,
 30.6 thus requiring the creditor to petition the court to resolve the problem, you will be liable
 30.7 to the creditor for costs and reasonable attorney's fees plus an amount not to exceed
 30.8 \$100.

30.9 Dated:
 30.10 (Attorney for) Creditor
 30.11
 30.12 Address
 30.13
 30.14 Telephone

30.15 DEBTOR'S EXEMPTION CLAIM NOTICE

30.16 I hereby claim that my earnings are exempt from garnishment because:

30.17 (1) I am presently a recipient of relief based on need. (Specify the program, case number,
 30.18 and the county from which relief is being received.)

30.19
 30.20 Program Case Number (if known) County

30.21 (2) I am not now receiving relief based on need, but I have received relief based on need
 30.22 within the last six months. (Specify the program, case number, and the county from
 30.23 which relief has been received.)

30.24
 30.25 Program Case Number (if known) County

30.26 (3) I have been an inmate of a correctional institution within the last six months. (Specify
 30.27 the correctional institution and location.)

30.28
 30.29 Correctional Institution Location

30.30 I hereby authorize any agency that has distributed relief to me or any correctional
 30.31 institution in which I was an inmate to disclose to the above-named creditor or the creditor's
 30.32 attorney only whether or not I am or have been a recipient of relief based on need or an

31.1 inmate of a correctional institution within the last six months. I have mailed or delivered a
31.2 copy of this form to the creditor or creditor's attorney.

31.3

31.4 Date Debtor

31.5

31.6 Address

31.7

31.8 Debtor Telephone Number

31.9 STATE OF MINNESOTA DISTRICT COURT

31.10 COUNTY OFJUDICIAL DISTRICT

31.11(Creditor)

31.12(Debtor)

31.13(Financial institution)

31.14 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to notices
31.15 provided on or after that date.

31.16 Sec. 48. **GARNISHMENT FORMS REVISION.**

31.17 (a) The attorney general must review and make recommendations to revise into plain
31.18 language the notices and forms found in Minnesota Statutes, sections 571.72, subdivisions
31.19 8 and 10; 571.74; 571.75, subdivision 2; 571.912; and 571.925.

31.20 (b) The attorney general must review and determine whether the forms contained in
31.21 Minnesota Statutes, sections 571.711, subdivision 11; 571.914; 571.931, subdivision 6; and
31.22 571.932, subdivision 2, should be revised into a more easily readable and understandable
31.23 format. If the attorney general determines the forms should be revised, the attorney general
31.24 must make recommendations for legislative revisions to the forms.

31.25 (c) The recommendations made under paragraphs (a) and (b) must include proposals to:
31.26 (1) explain in simple terms the meaning of garnishment in any form that uses the term
31.27 garnishment; and (2) prominently place on forms the name, telephone number, and email
31.28 address of the creditor.

31.29 (d) When developing the recommendations, the attorney general must consult with the
31.30 Center for Plain Language and other plain language experts the attorney general may identify,
31.31 and must collaborate with the commissioner of commerce and affected business and consumer
31.32 groups, including but not limited to:

31.33 (1) the Minnesota Creditors' Rights Association;

- 32.1 (2) the Great Lakes Credit and Collections Association;
- 32.2 (3) the Minnesota Bankers' Association;
- 32.3 (4) the Minnesota Credit Union Network;
- 32.4 (5) BankIn Minnesota;
- 32.5 (6) Mid-Minnesota Legal Aid;
- 32.6 (7) the Minnesota chapter of the National Association of Consumer Advocates;
- 32.7 (8) the Minnesota chapter of the National Association of Consumer Bankruptcy Attorneys;
- 32.8 (9) Lutheran Social Service; and
- 32.9 (10) Family Means.
- 32.10 (e) For the purposes of this section, "plain language" means communication in which
- 32.11 the wording, structure, and design are so clear that the intended reader can easily: (1) find
- 32.12 what the reader needs; (2) understand what the reader needs; and (3) use what the reader
- 32.13 finds to meet the reader's needs.