88R22825 AJA-F

By:  Leach H.B. No. 3481

Substitute the following for H.B. No. 3481:

By:  Murr C.S.H.B. No. 3481

A BILL TO BE ENTITLED

AN ACT

relating to the exemption of certain personal property from seizure under a court order to collect a judgment on a consumer debt.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 31.002, Civil Practice and Remedies Code, is amended by adding Subsections (i), (j), and (k) to read as follows:

(i)  A court order under this section to collect a judgment on a consumer debt, as defined by Section 392.001, Finance Code, must exempt from freezing and turnover an amount equal to $3,000 to cover basic needs. The order must direct the judgment creditor or receiver to apply the exemption under this subsection to amounts in a demand deposit account first, followed by any other accounts, as applicable. If the judgment debtor has more than one demand deposit account or other combination of accounts, the exemption shall be applied to the largest demand deposit account first followed by any additional accounts in the order of most to least funds available. The exemption provided by this subsection includes any amounts protected under 31 C.F.R. Part 212 and does not limit amounts protected under other exemptions to the extent those exemptions exceed the amount of the exemption prescribed by this subsection. This subsection does not apply to the enforcement of court-ordered alimony, child support, or spousal maintenance payments.

(j)  In implementing Subsection (i) with regard to an account held by a financial institution on behalf of a judgment debtor, a court order under this section must direct the judgment creditor or receiver to send a levy letter to the financial institution. With that levy letter, the judgment creditor or receiver shall include the form promulgated under Subsection (k).

(k)  The supreme court shall promulgate a form that establishes a simple and streamlined process for a financial institution to implement the exemption provided by Subsection (i).

SECTION 2.  Section 31.010(a), Civil Practice and Remedies Code, is amended to read as follows:

(a)  A financial institution that receives a request to turn over assets or financial information of a judgment debtor to a judgment creditor or a receiver under a turnover order or receivership under Section 31.002 shall be provided and may rely on:

(1)  a certified copy of the order or injunction of the court; [~~or~~]

(2)  a certified copy of the order of appointment of a receiver under Section 64.001, including a certified copy of:

(A)  any document establishing the qualification of the receiver under Section 64.021;

(B)  the sworn affidavit under Section 64.022; and

(C)  the bond under Section 64.023; or

(3)  a form promulgated under Section 31.002(k).

SECTION 3.  (a) Not later than May 1, 2024, the Supreme Court of Texas shall promulgate a form for purposes of Section 31.002(k), Civil Practice and Remedies Code, as added by this Act.

(b)  This section takes effect September 1, 2023.

SECTION 4.  Except as otherwise provided by this Act, this Act takes effect September 1, 2024.