



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 19-1089

FISCAL NOTE

Drafting Number: LLS 19-0787 Date: January 29, 2019
Prime Sponsors: Rep. Tipper; Valdez A. Bill Status: House Finance
Sen. Pettersen; Moreno Fiscal Analyst: Clare Pramuk | 303-866-2677
clare.pramuk@state.co.us

Bill Topic: EXEMPTION FROM GARNISHMENT FOR MEDICAL DEBT

- Summary of Fiscal Impact: State Revenue (minimal), State Expenditure (minimal), State Transfer, TABOR Refund (minimal), Local Government, Statutory Public Entity

This bill exempts medical debt from garnishment if an individual's family is under 400 percent of the current federal poverty guidelines. This bill may minimally increase workload for trial courts on an ongoing basis beginning in FY 2019-20.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note is written to the introduced bill.

Summary of Legislation

This bill exempts medical debt from earnings garnishment for an individual whose family income does not exceed 400 percent of the current federal poverty guidelines. The bill applies to judgments for medical debt entered on or after January 1, 2020.

Background

For 2019, 400 percent of the federal poverty guidelines ranges from \$48,560 for a household of one person, to \$100,400 for a household of four, to \$169,520 for a household of eight.

State Revenue

The bill may minimally increase revenue from court fees for civil hearings as explained in the State Expenditures section. Revenue from court fees is divided between the Judicial Stabilization Fund, Court Security Fund, and the Justice Center Fund. This revenue is subject to TABOR.

## **State Expenditures**

This bill may increase the workload of trial courts in the Judicial Department if the number of civil hearings in district and county court increase. Under the bill, a judgment debtor has a right to object to the garnishment and have a hearing on that objection. The courts will need to update forms and modify the calculation on the written order. By updating these forms, creditors may be more aware of the specific guidelines pertaining to medical debt and may not seek a garnishment which may reduce the workload associated with additional hearings due to this legislation. The change in workload can be accomplished existing appropriations.

**TABOR refunds.** The bill may minimally increase state General Fund obligations for TABOR refunds in FY 2019-20 from court fees. Under current law and the December 2018 forecast, the bill will correspondingly increase the amount refunded to taxpayers via sales tax refunds on income tax returns for tax year 2020. The state is not expected to collect a TABOR surplus in FY 2020-21.

## **Local Government Impact**

**Denver County Court.** To the extent that this bill results in increases in cases heard by the Denver County Court, it will increase revenue, costs and workload for the court, which is managed and funded by the City and County of Denver, to hear garnishment objections.

## **Effective Date**

The bill takes effect January 1, 2020, if no referendum petition is filed.

## **State and Local Government Contacts**

Judicial