



COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 197, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

1 Delete everything after the enacting clause and insert the following:
2 SECTION 1. IC 4-22-2.3-6, AS AMENDED BY P.L.93-2024,
3 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2026]: Sec. 6. The following apply to the department of
5 financial institutions:
6 (1) The department of financial institutions shall adopt rules
7 under the interim rule procedures in IC 4-22-2-37.2 announcing:
8 (A) sixty (60) days before January 1 of each odd-numbered
9 year in which dollar amounts under IC 24-4.5 (Uniform
10 Consumer Credit Code) are to change, the changes in dollar
11 amounts required by IC 24-4.5-1-106(2);
12 (B) promptly after the changes occur, changes in the Index
13 required by IC 24-4.5-1-106(3), including, when applicable,
14 the numerical equivalent of the Reference Base Index under a
15 revised Reference Base Index and the designation or title of
16 any index superseding the Index; **and**
17 (C) the adjustments required under IC 24-9-2-8 concerning
18 high cost home loans. **and**
19 (D) the adjustments required under IC 34-55-10-2 (bankruptcy

1 exemptions, limitations) or IC 34-55-10-2.5.

2 A rule described in this subdivision expires not later than January
3 of the next odd-numbered year after the department of financial
4 institutions is required to issue the rule.

5 (2) The department of financial institutions may adopt a rule
6 under the interim rule procedures in IC 4-22-2-37.2 for a rule
7 permitted under IC 24-4.4-1-101 (licensing system for creditors
8 and mortgage loan originators) or IC 24-4.5 (Uniform Consumer
9 Credit Code) if the department of financial institutions declares
10 an emergency. A rule described in this subdivision expires not
11 later than two (2) years after the rule is effective.

19 A rule described in this section may be continued in another interim
20 rule only if the governor determines under IC 4-22-2-37.2(c) that the
21 policy options available to the agency are so limited that use of the
22 additional notice, comment, and review procedures in IC 4-22-2-23
23 through IC 4-22-2-36 would provide no benefit to persons regulated or
24 otherwise affected by the rule.

25 SECTION 2. IC 24-4.5-5-105, AS AMENDED BY P.L.78-2014,
26 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27 JULY 1, 2026]: Sec. 105. (1) For the purposes of IC 24-4.5-5-101
28 through IC 24-4.5-5-108:

29 (a) "disposable earnings" means that part of the earnings of an
30 individual, including wages, commissions, income, rents, or
31 profits remaining after the deduction from those earnings of
32 amounts required by law to be withheld;

33 (b) "garnishment" means any legal or equitable proceedings
34 through which the earnings of an individual are required to be
35 withheld by a garnishee, by the individual debtor, or by any other
36 person for the payment of a judgment; and

37 (c) "support withholding" means that part of the earnings that are
38 withheld from an individual for child support in accordance with

1 the laws of this state.

2 (2) Except as provided in subsection (8), the maximum part of the
3 aggregate disposable earnings of an individual for any workweek which
4 is subjected to garnishment to enforce the payment of one (1) or more
5 judgments against the individual may not exceed the lesser of the
6 following amounts:

7 (a) An amount equal to twenty-five percent (25%) of the
8 individual's disposable earnings for that week or, upon a showing
9 of good cause by the individual why the amount should be
10 reduced, an amount equal to:

11 (i) less than twenty-five percent (25%); and

12 (ii) at least ten percent (10%);

13 of the individual's disposable earnings for that week.

14 (b) The amount by which the individual's disposable earnings for
15 that week exceed ~~thirty (30)~~ **eighty-three (83)** times the federal
16 minimum hourly wage prescribed by 29 U.S.C. 206(a)(1) in effect
17 at the time the earnings are payable.

18 In the case of earnings for a pay period other than a week, the earnings
19 shall be computed upon a multiple of the federal minimum hourly wage
20 equivalent to ~~thirty (30)~~ **eighty-three (83)** times the federal minimum
21 hourly wage as prescribed in this section.

22 (3) The maximum part of the aggregate disposable earnings of an
23 individual for any workweek which is subject to garnishment or
24 support withholding to enforce any order for the support of any person
25 shall not exceed:

26 (a) where such individual is supporting the individual's spouse or
27 dependent child (other than a spouse or child with respect to
28 whose support such order is used), fifty percent (50%) of such
29 individual's disposable earnings for that week; and

30 (b) where such individual is not supporting such a spouse or
31 dependent child described in subdivision (a), sixty percent (60%)
32 of such individual's disposable earnings for that week;

33 except that, with respect to the disposable earnings of any individual
34 for any workweek, the fifty percent (50%) specified in subdivision (a)
35 shall be deemed to be fifty-five percent (55%) and the sixty percent
36 (60%) specified in subdivision (b) shall be deemed to be sixty-five
37 percent (65%), if and to the extent that such earnings are subject to
38 garnishment or support withholding to enforce a support order with

1 respect to a period which is prior to the twelve (12) week period which
2 ends with the beginning of such workweek.

3 (4) No court may make, execute, or enforce an order or process in
4 violation of this section.

5 (5) An employer who is required to make deductions from an
6 individual's disposable earnings pursuant to a garnishment order or
7 series of orders arising out of the same judgment debt (excluding a
8 judgment for payment of child support) may collect, as a fee to
9 compensate the employer for making these deductions, an amount
10 equal to the greater of twelve dollars (\$12) or three percent (3%) of the
11 total amount required to be deducted by the garnishment order or series
12 of orders arising out of the same judgment debt. If the employer
13 chooses to impose a fee, the fee shall be allocated as follows:

14 (a) One-half (1/2) of the fee shall be borne by the debtor, and that
15 amount may be deducted by the employer directly from the
16 employee's disposable earnings.

17 (b) One-half (1/2) of the fee shall be borne by the creditor, and
18 that amount may be retained by the employer from the amount
19 otherwise due the creditor.

20 The deductions made under this subsection for a collection fee do not
21 increase the amount of the judgment debt for which the fee is collected
22 for the purpose of calculating or collecting judgment interest. This fee
23 may be collected by an employer only once for each garnishment order
24 or series of orders arising out of the same judgment debt. The employer
25 may collect the entire fee from one (1) or more of the initial deductions
26 from the employee's disposable earnings. Alternatively, the employer
27 may collect the fee ratably over the number of pay periods during
28 which deductions from the employee's disposable earnings are
29 required.

30 (6) The deduction of the garnishment collection fee under
31 subsection (5)(a) or subsection (7) is not an assignment of wages under
32 IC 22-2-6.

33 (7) An employer who is required to make a deduction from an
34 individual's disposable earnings in accordance with a judgment for
35 payment of child support may collect a fee of two dollars (\$2) each
36 time the employer is required to make the deduction. The fee may be
37 deducted by the employer from the individual's disposable earnings
38 each time the employer makes the deduction for support. If the

1 employer elects to deduct such a fee, the amount to be deducted for the
2 payment of support must be reduced accordingly if necessary to avoid
3 exceeding the maximum amount permitted to be deducted under
4 subsection (3).

5 (8) A support withholding order takes priority over a garnishment
6 order irrespective of their dates of entry or activation. If a person is
7 subject to a support withholding order and a garnishment order, the
8 garnishment order shall be honored only to the extent that disposable
9 earnings withheld under the support withholding order do not exceed
10 the maximum amount subject to garnishment as computed under
11 subsection (2).

12 **(9) A garnishment order or attachment order that requires an
13 employer to make deductions from a debtor's disposable earnings
14 shall at least provide the following information to the employer:**

15 (a) The debtor's name.

16 (b) The debtor's last known physical address.

17 (c) The debtor's last known mailing address.

18 (d) The amount owed by the debtor and information sufficient
19 to identify the judgment on which the garnishment order or
20 attachment order is based.

21 (e) The creditor's name and contact information.

22 If the information required by subdivisions (b) and (c) is unknown
23 to the creditor, the creditor shall indicate on the garnishment order
24 or attachment order that the information is unknown. The
25 information required by this subsection shall appear clearly and
26 conspicuously on a single page.

27 SECTION 3. IC 34-55-10-2, AS AMENDED BY P.L.160-2012,
28 SECTION 65, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2026]: Sec. 2. (a) This section does not apply to judgments
30 obtained before October 1, 1977.

31 (b) The amount of each exemption under subsection (c) applies until
32 a rule is adopted by the department of financial institutions under
33 section 2.5 of this chapter.

34 (c) (b) The following property of a debtor domiciled in Indiana is
35 exempt:

36 (1) Real estate or personal property constituting the personal or
37 family residence of the debtor or a dependent of the debtor, or
38 estates or rights in that real estate or personal property, of not

more than fifteen thousand dollars (\$15,000). **twenty-two thousand seven hundred fifty dollars (\$22,750).** The exemption under this subdivision is individually available to joint debtors concerning property held by them as tenants by the entireties.

(2) Other real estate or tangible personal property of ~~eight thousand dollars (\$8,000)~~ **twelve thousand one hundred dollars (\$12,100).**

(3) Intangible personal property, including choses in action, deposit accounts, and cash (but excluding debts owing and income owing), of ~~three hundred dollars (\$300)~~ **one thousand five hundred dollars (\$1,500).**

(4) Professionally prescribed health aids for the debtor or a dependent of the debtor.

(5) Any interest that the debtor has in real estate held as a tenant by the entireties. The exemption under this subdivision does not apply to a debt for which the debtor and the debtor's spouse are jointly liable.

(6) An interest, whether vested or not, that the debtor has in a retirement plan or fund to the extent of:

(A) contributions, or portions of contributions, that were made to the retirement plan or fund by or on behalf of the debtor or the debtor's spouse:

(i) which were not subject to federal income taxation to the debtor at the time of the contribution; or

(ii) which are made to an individual retirement account in the manner prescribed by Section 408A of the Internal Revenue Code of 1986;

(B) earnings on contributions made under clause (A) that are not subject to federal income taxation at the time of the levy; and

(C) roll-overs of contributions made under clause (A) that are not subject to federal income taxation at the time of the levy.

(7) Money that is in a medical care savings account established under IC 6-8-11.

(8) Money that is in a health savings account established under Section 223 of the Internal Revenue Code of 1986.

(9) Any interest the debtor has in a qualified tuition program, as defined in Section 529(b) of the Internal Revenue Code of 1986,

1 but only to the extent funds in the program are not attributable to:
2 (A) excess contributions, as described in Section 529(b)(6) of
3 the Internal Revenue Code of 1986, and earnings on the excess
4 contributions;
5 (B) contributions made by the debtor within one (1) year
6 before the date of the levy or the date a bankruptcy petition is
7 filed by or against the debtor, and earnings on the
8 contributions; or
9 (C) the excess over five thousand dollars (\$5,000) of aggregate
10 contributions made by the debtor for all programs under this
11 subdivision and education savings accounts under subdivision
12 (10) having the same designated beneficiary:
13 (i) not later than one (1) year before; and
14 (ii) not earlier than two (2) years before;
15 the date of the levy or the date a bankruptcy petition is filed by
16 or against the debtor, and earnings on the aggregate
17 contributions.
18 (10) Any interest the debtor has in an education savings account,
19 as defined in Section 530(b) of the Internal Revenue Code of
20 1986, but only to the extent funds in the account are not
21 attributable to:
22 (A) excess contributions, as described in Section 4973(e) of
23 the Internal Revenue Code of 1986, and earnings on the excess
24 contributions;
25 (B) contributions made by the debtor within one (1) year
26 before the date of the levy or the date a bankruptcy petition is
27 filed by or against the debtor, and earnings on the
28 contributions; or
29 (C) the excess over five thousand dollars (\$5,000) of aggregate
30 contributions made by the debtor for all accounts under this
31 subdivision and qualified tuition programs under subdivision
32 (9) having the same designated beneficiary:
33 (i) not later than one (1) year before; and
34 (ii) not earlier than two (2) years before;
35 the date of the levy or the date a bankruptcy petition is filed by
36 or against the debtor, and earnings on the excess contributions.
37 (11) The debtor's interest in a refund or a credit received or to be
38 received under the following:

(A) Section 32 of the Internal Revenue Code of 1986 (the federal earned income tax credit).

(B) IC 6-3.1-21-6 (the Indiana earned income tax credit).

(12) A disability benefit awarded to a veteran for a service connected disability under 38 U.S.C. 1101 et seq. This subdivision does not apply to a service connected disability benefit that is subject to child and spousal support enforcement under 42 U.S.C. 659(h)(1)(A)(ii)(V).

9 (13) Compensation distributed from the supplemental state fair
10 relief fund under IC 34-13-8 to an eligible person (as defined in
11 IC 34-13-8-1) for an occurrence (as defined in IC 34-13-8-2). This
12 subdivision applies even if a debtor is not domiciled in Indiana.

13 (d) (c) A bankruptcy proceeding that results in the ownership by the
14 bankruptcy estate of a debtor's interest in property held in a tenancy by
15 the entireties does not result in a severance of the tenancy by the
16 entireties

17 (e) (d) Real estate or personal property upon which a debtor has
18 voluntarily granted a lien is not, to the extent of the balance due on the
19 debt secured by the lien:

20 (1) subject to this chapter; or

(2) exempt from levy or sale on execution or any other final process from a court.

23 SECTION 4. IC 34-55-10-2.5 IS REPEALED [EFFECTIVE JULY
24 1, 2026]. See. 2.5. (a) The department of financial institutions shall
25 adopt a rule under IC 4-22-2 establishing the amount for each
26 exemption under section 2(e)(1) through 2(e)(3) of this chapter to take
27 effect not earlier than January 1, 2010, and not later than March 1,
28 2010.

37 (e) The department of financial institutions shall determine the
38 amount of each exemption under subsections (a) and (b) based on

1 changes in the Consumer Price Index for All Urban Consumers,
2 published by the United States Department of Labor, for the most
3 recent six (6) year period.

4 (d) The department of financial institutions shall round the amount
5 of an exemption determined under subsections (a) and (b) to the
6 nearest fifty dollars (\$50).

7 (e) A rule establishing amounts for exemptions under this section
8 may not reduce an exemption amount below the exemption amount on
9 July 1, 2005.

10 SECTION 5. [EFFECTIVE JULY 1, 2026] (a) **750 IAC 1-1-1(c)** is
11 void. The publisher of the Indiana Administrative Code and
12 Indiana Register shall remove this subsection from the Indiana
13 Administrative Code.

14 (b) **This SECTION expires on July 1, 2027.**

(Reference is to SB 197 as introduced.)

and when so amended that said bill do pass.

Committee Vote: Yeas 6, Nays 2.

Baldwin

Chairperson