



# 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.

12 ~~(3) The department of financial institutions may adopt a rule~~  
13 ~~described in IC 34-55-10-2 (bankruptcy exemptions; limitations)~~  
14 ~~or IC 34-55-10-2.5 in conformity with the procedures in~~  
15 ~~IC 4-22-2-23 through IC 4-22-2-36 or the interim rule procedures~~  
16 ~~in IC 4-22-2-37.2. A rule described in this subdivision adopted~~  
17 ~~under IC 4-22-2-37.2 expires not later than two (2) years after the~~  
18 ~~rule is accepted for filing by the publisher of the Indiana Register.~~

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

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

5 (2) Other real estate or tangible personal property of ~~eight~~  
 6 ~~thousand dollars (\$8,000)~~; **twelve thousand one hundred dollars**  
 7 **(\$12,100)**.

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

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

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

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

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

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

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

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

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

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

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

37 (9) Any interest the debtor has in a qualified tuition program, as  
 38 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:

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

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

4 (12) A disability benefit awarded to a veteran for a service  
5 connected disability under 38 U.S.C. 1101 et seq. This  
6 subdivision does not apply to a service connected disability  
7 benefit that is subject to child and spousal support enforcement  
8 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 entirety does not result in a severance of the tenancy by the  
16 entirety.

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

23 SECTION 4. IC 34-55-10-2.5 IS REPEALED [EFFECTIVE JULY  
24 1, 2026]. ~~Sec. 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(c)(1) through 2(c)(3) of this chapter to take~~  
27 ~~effect not earlier than January 1, 2010; and not later than March 1,~~  
28 ~~2010.~~

29 (b) The department of financial institutions shall adopt a rule under  
30 ~~IC 4-22-2 establishing new amounts for each exemption under section~~  
31 ~~2(c)(1) through 2(c)(3) of this chapter every six (6) years after~~  
32 ~~exemption amounts are established under subsection (a). The rule~~  
33 ~~establishing new exemption amounts under this subsection must take~~  
34 ~~effect not earlier than January 1 and not later than March 1 of the sixth~~  
35 ~~calendar year immediately following the most recent adjustments to the~~  
36 ~~exemption amounts.~~

37 (c) 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**