

SUBJECT: Exempting alimony and child support from creditors

COMMITTEE: Financial Institutions — committee substitute recommended

VOTE: 7 ayes — Marchant, Gutierrez, Ehrhardt, Elkins, Patterson, Smith, Solomons

0 nays

2 absent — Giddings, Grusendorf

SENATE VOTE: On final passage, April 15 — voice vote

WITNESSES: None

BACKGROUND : The Property Code allows creditor to seize certain personal property. Exempt from seizure are current wages for personal services, except for enforcement of court-ordered child support, and professionally prescribed health aids.

DIGEST: CSSB 1098 would add to the exemptions from seizure payments for alimony, support or separate maintenance that debtors received for their support or the support of a dependent.

The bill would take effect September 1, 1997.

SUPPORTERS SAY: CSSB 1098 would bring Texas law in line with federal bankruptcy law, which exempts alimony and child support from seizure, and would safeguard the financial resources intended to provide for children. In Texas, a spouse receiving maintenance or child support is still be obligated to creditors even if the divorce decree provides that the other spouse was primarily liable for certain debts.

Alimony in Texas is usually given to temporarily compensate a spouse, these payments may very well be the sole source of income and should be protected from attachment.

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OPPONENTS
SAY:

Alimony is not at the same level as wages and may not be necessary for support. It should not receive such a blanket exemption from being attached by creditors.