

1.1 **Senator Latz from the Committee on Judiciary and Public Safety, to which was**
1.2 **re-referred**

1.3 **S.F. No. 4065:** A bill for an act relating to consumer protection; modifying various
1.4 provisions governing debt collection, garnishment, medical debt, and consumer finance;
1.5 providing for debtor protections; modifying certain statutory forms; requiring a review of
1.6 certain statutory forms; amending Minnesota Statutes 2022, sections 176.175, subdivision
1.7 2; 334.01, by adding a subdivision; 519.05; 550.37, subdivisions 2, 4, 6, 12a, 14, 20, 22,
1.8 23, by adding subdivisions; 550.39; 563.01, subdivisions 3, 4, 8, 9, 10; 563.02, subdivision
1.9 2; 571.72, subdivisions 6, 8, 9, 10; 571.911; 571.914, subdivision 1; 571.92; 571.921;
1.10 571.922; 571.924, subdivision 1; 571.925; Minnesota Statutes 2023 Supplement, sections
1.11 144.587, subdivisions 1, 4; 270A.03, subdivision 2; proposing coding for new law in
1.12 Minnesota Statutes, chapters 62J; 62Q; 550; proposing coding for new law as Minnesota
1.13 Statutes, chapter 332C.

1.14 Reports the same back with the recommendation that the bill be amended as follows:

1.15 Delete everything after the enacting clause and insert:

1.16 "Section 1. **62J.805] DEFINITIONS.**

1.17 Subdivision 1. **Application.** For purposes of sections 62J.805 to 62J.808, the following
1.18 terms have the meanings given.

1.19 Subd. 2. **Group practice.** "Group practice" has the meaning given to health care provider
1.20 group practice in section 145D.01, subdivision 1.

1.21 Subd. 3. **Health care provider.** "Health care provider" means:

1.22 (1) a health professional who is licensed or registered by the state to provide health
1.23 treatments and services within the professional's scope of practice and in accordance with
1.24 state law;

1.25 (2) a group practice; or

1.26 (3) a hospital.

1.27 Subd. 4. **Health plan.** "Health plan" has the meaning given in section 62A.011,
1.28 subdivision 3.

1.29 Subd. 5. **Hospital.** "Hospital" means a health care facility licensed as a hospital under
1.30 sections 144.50 to 144.56.

1.31 Subd. 6. **Medically necessary.** "Medically necessary" means:

1.32 (1) safe and effective;

1.33 (2) not experimental or investigational, except as set forth in Code of Federal Regulations,
1.34 title 42, section 411.15(o);

(3) furnished in accordance with acceptable medical standards of medical practice for the diagnosis or treatment of the patient's condition or to improve the function of a malformed body member;

(4) furnished in a setting appropriate to the patient's medical need and condition;

(5) ordered and furnished by qualified personnel;

(6) meets, but does not exceed, the patient's medical need; and

(7) is at least as beneficial as an existing and available medically appropriate alternative.

Subd. 7. **Miscode.** "Miscode" means a health care provider or a health care provider's designee, using a coding system and for billing purposes, assigns a numeric or alphanumeric code to a health treatment or service provided to a patient and the code assigned does not accurately reflect the health treatment or service provided based on factors that include the patient's diagnosis and the complexity of the patient's condition.

Subd. 8. **Payment.** "Payment" includes co-payments and coinsurance and deductible payments made by a patient.

Sec. 2. [62J.806] POLICY FOR COLLECTION OF MEDICAL DEBT.

Subdivision 1. **Requirement.** Each health care provider must make available to the public the health care provider's policy for the collection of medical debt from patients. This policy must be made available by:

(1) clearly posting it on the health care provider's website, or for health professionals, on the website of the health clinic, group practice, or hospital at which the health professional is employed or under contract; and

(2) providing a copy of the policy to any individual who requests it.

Subd. 2. **Content.** A policy made available under this section must at least specify the procedures followed by the health care provider for:

(1) communicating with patients about the medical debt owed and collecting medical debt;

(2) referring medical debt to a collection agency or law firm for collection; and

(3) identifying medical debt as uncollectible or satisfied, and ending collection activities.

3.1 Sec. 3. **[62J.807] DENIAL OF HEALTH TREATMENTS OR SERVICES DUE TO**
3.2 **OUTSTANDING MEDICAL DEBT.**

3.3 (a) A health care provider must not deny medically necessary health treatments or services
3.4 to a patient or any member of the patient's family or household because of outstanding or
3.5 previously outstanding medical debt owed by the patient or any member of the patient's
3.6 family or household to the health care provider, regardless of whether the health treatment
3.7 or service may be available from another health care provider.

3.8 (b) As a condition of providing medically necessary health treatments or services in the
3.9 circumstances described in paragraph (a), a health care provider may require the patient to
3.10 enroll in a payment plan for the outstanding medical debt owed to the health care provider.

3.11 Sec. 4. **[62J.808] BILLING AND PAYMENT FOR MISCODED HEALTH**
3.12 **TREATMENTS AND SERVICES.**

3.13 Subdivision 1. **Participation and cooperation required.** Each health care provider
3.14 must participate in, and cooperate with, all processes and investigations to identify, review,
3.15 and correct the coding of health treatments and services that are miscoded by the health
3.16 care provider or a designee.

3.17 Subd. 2. **Notice; billing and payment during review.** (a) When a health care provider
3.18 receives notice, other than notice from a health plan company as provided in paragraph (b),
3.19 or otherwise determines that a health treatment or service may have been miscoded, the
3.20 health care provider must notify the health plan company administering the patient's health
3.21 plan in a timely manner of the potentially miscoded health treatment or service.

3.22 (b) When a health plan company receives notice, other than notice from a health care
3.23 provider as provided in paragraph (a), or otherwise determines that a health treatment or
3.24 service may have been miscoded, the health plan company must notify the health care
3.25 provider who provided the health treatment or service of the potentially miscoded health
3.26 treatment or service.

3.27 (c) When a review of a potentially miscoded health treatment or service is commenced,
3.28 the health care provider and health plan company must notify the patient that a miscoding
3.29 review is being conducted and that the patient will not be billed for any health treatment or
3.30 service subject to the review and is not required to submit payments for any health treatment
3.31 or service subject to the review until the review is complete and any miscoded health
3.32 treatments or services are correctly coded.

(d) While a review of a potentially miscoded health treatment or service is being conducted, the health care provider and health plan company must not bill the patient for, or accept payment from the patient for, any health treatment or service subject to the review.

Subd. 3. **Billing and payment after completion of review.** The health care provider and health plan company may bill the patient for, and accept payment from the patient for, the health treatment or service that was subject to the miscoding review only after the review is complete and any miscoded health treatments or services have been correctly coded.

Sec. 5. [62Q.491] OUT-OF-POCKET MAXIMUM OR COST-SHARING REQUIREMENT; ENROLLEE CONTRIBUTION CALCULATION.

(a) To the extent permitted by federal law, a health plan company must include any amounts paid by the enrollee or paid on behalf of the enrollee by another person when calculating an enrollee's overall contribution toward any out-of-pocket maximum or cost-sharing requirement under a health plan.

(b) For purposes of this section, "cost sharing" means a co-payment, coinsurance, or deductible.

Sec. 6. Minnesota Statutes 2023 Supplement, section 144.587, subdivision 4, is amended to read:

Subd. 4. **Prohibited actions.** (a) A hospital must not initiate one or more of the following actions until the hospital determines that the patient is ineligible for charity care or denies an application for charity care:

(1) offering to enroll or enrolling the patient in a payment plan;

(2) changing the terms of a patient's payment plan;

(3) offering the patient a loan or line of credit, application materials for a loan or line of credit, or assistance with applying for a loan or line of credit, for the payment of medical debt;

(4) referring a patient's debt for collections, including in-house collections, third-party collections, revenue recapture, or any other process for the collection of debt; or

~~(5) denying health care services to the patient or any member of the patient's household because of outstanding medical debt, regardless of whether the services are deemed necessary or may be available from another provider; or~~

5.1 ~~(6)~~ (5) accepting a credit card payment of over \$500 for the medical debt owed to the
5.2 hospital.

5.3 (b) A violation of section 62J.807 is a violation of this section.

5.4 Sec. 7. Minnesota Statutes 2022, section 176.175, subdivision 2, is amended to read:

5.5 Subd. 2. **Nonassignability.** No claim for compensation or settlement of a claim for
5.6 compensation owned by an injured employee or dependents is assignable. Except as otherwise
5.7 provided in this chapter, any claim for compensation owned by an injured employee or
5.8 dependents is exempt from seizure or sale for the payment of any debt or liability, up to a
5.9 total amount of \$1,000,000 per claim and subsequent award.

5.10 Sec. 8. [332C.01] DEFINITIONS.

5.11 Subdivision 1. **Application.** For purposes of this chapter, the following terms have the
5.12 meanings given.

5.13 Subd. 2. **Collecting party.** "Collecting party" means a party engaged in the collection
5.14 of medical debt. Collecting party does not include banks, credit unions, public officers,
5.15 garnishees, and other parties complying with a court order or statutory obligation to garnish
5.16 or levy a debtor's property.

5.17 Subd. 3. **Debtor.** "Debtor" means a person obligated or alleged to be obligated to pay
5.18 any debt.

5.19 Subd. 5. **Medical debt.** "Medical debt" means debt incurred primarily for medically
5.20 necessary health treatment or services. Medical debt does not include debt charged to a
5.21 credit card unless the credit card is issued under a credit plan offered solely for the payment
5.22 of health care treatment or services.

5.23 Subd. 6. **Medically necessary.** "Medically necessary" has the meaning given in section
5.24 62J.805, subdivision 6.

5.25 Subd. 7. **Person.** "Person" means any individual, partnership, association, or corporation.

5.26 Sec. 9. [332C.02] PROHIBITED PRACTICES.

5.27 No collecting party shall:

5.28 (1) in a collection letter, publication, invoice, or any oral or written communication,
5.29 threaten wage garnishment or legal suit by a particular lawyer, unless the collecting party
5.30 has actually retained the lawyer to do so;

6.1 (2) use or employ sheriffs or any other officer authorized to serve legal papers in
6.2 connection with the collection of a claim, except when performing their legally authorized
6.3 duties;

6.4 (3) use or threaten to use methods of collection which violate Minnesota law;

6.5 (4) furnish legal advice to debtors or represent that the collecting party is competent or
6.6 able to furnish legal advice to debtors;

6.7 (5) communicate with debtors in a misleading or deceptive manner by falsely using the
6.8 stationery of a lawyer, forms or instruments which only lawyers are authorized to prepare,
6.9 or instruments which simulate the form and appearance of judicial process;

6.10 (6) publish or cause to be published any list of debtors, use shame cards or shame
6.11 automobiles, advertise or threaten to advertise for sale any claim as a means of forcing
6.12 payment thereof, or use similar devices or methods of intimidation;

6.13 (7) operate under a name or in a manner which falsely implies the collecting party is a
6.14 branch of or associated with any department of federal, state, county, or local government
6.15 or an agency thereof;

6.16 (8) transact business or hold itself out as a debt settlement company, debt management
6.17 company, debt adjuster, or any person who settles, adjusts, prorates, pools, liquidates, or
6.18 pays the indebtedness of a debtor, unless there is no charge to the debtor, or the pooling or
6.19 liquidation is done pursuant to court order or under the supervision of a creditor's committee;

6.20 (9) unless an exemption in the law exists, violate Code of Federal Regulations, title 12,
6.21 part 1006, while attempting to collect on any account, bill, or other indebtedness. For
6.22 purposes of this section, Public Law 95-109 and Code of Federal Regulations, title 12, part
6.23 1006, apply to collecting parties;

6.24 (10) communicate with a debtor by use of an automatic telephone dialing system or an
6.25 artificial or prerecorded voice after the debtor expressly informs the collecting party to cease
6.26 communication utilizing an automatic telephone dialing system or an artificial or prerecorded
6.27 voice. For purposes of this clause, an automatic telephone dialing system or an artificial or
6.28 prerecorded voice includes but is not limited to (i) artificial intelligence chat bots, and (ii)
6.29 the usage of the term under the Telephone Consumer Protection Act, United States Code,
6.30 title 47, section 227(b)(1)(A);

6.31 (11) in collection letters or publications, or in any oral or written communication, imply
6.32 or suggest that medically necessary health treatment or services will be denied as a result
6.33 of a medical debt;

(12) when a debtor has a listed telephone number, enlist the aid of a neighbor or third party to request that the debtor contact the collecting party, except a person who resides with the debtor or a third party with whom the debtor has authorized with the collecting party to place the request. This clause does not apply to a call back message left at the debtor's place of employment which is limited solely to the collecting party's telephone number and name;

(13) when attempting to collect a medical debt, fail to provide the debtor with the full name of the collecting party, as registered with the secretary of state;

(14) fail to return any amount of overpayment from a debtor to the debtor or to the state of Minnesota pursuant to the requirements of chapter 345;

(15) accept currency or coin as payment for a medical debt without issuing an original receipt to the debtor and maintain a duplicate receipt in the debtor's payment records;

(16) attempt to collect any amount, including any interest, fee, charge, or expense incidental to the charge-off obligation, from a debtor unless the amount is expressly authorized by the agreement creating the medical debt or is otherwise permitted by law;

(17) falsify any documents with the intent to deceive;

(18) when initially contacting a Minnesota debtor by mail to collect a medical debt, fail to include a disclosure on the contact notice, in a type size or font which is equal to or larger than the largest other type of type size or font used in the text of the notice, that includes and identifies the Office of the Minnesota Attorney General's general telephone number, and states: "You have the right to hire your own attorney to represent you in this matter.";

(19) commence legal action to collect a medical debt outside the limitations period set forth in section 541.053;

(20) report to a credit reporting agency any medical debt which the collecting party knows or should know is or was originally owed to a health care provider, as defined in section 62J.805, subdivision 3; or

(21) challenge a debtor's claim of exemption to garnishment or levy in a manner that is baseless, frivolous, or otherwise in bad faith.

Sec. 10. **[332C.03] MEDICAL DEBT REPORTING PROHIBITED.**

(a) A collecting party is prohibited from reporting medical debt to a consumer reporting agency.

(b) A consumer reporting agency is prohibited from making a consumer report containing an item of information that the consumer reporting agency knows or should know concerns:

(1) medical information; or

(2) debt arising from:

(i) the provision of medical care, treatment, services, devices, or medicines; or

(ii) procedures to maintain, diagnose, or treat a person's physical or mental health.

(c) For purposes of this section, "consumer report," "consumer reporting agency," and "medical information" have the meanings given them in the Fair Credit Reporting Act, under United States Code, title 15, section 1681a.

(d) This section also applies to collection agencies and debt buyers licensed under chapter 332.

Sec. 11. **[332C.04] DEFENDING MEDICAL DEBT CASES.**

A debtor who successfully defends against a claim for payment of medical debt that is alleged by a collecting party must be awarded the debtor's costs, including reasonable attorney fees as determined by the court, incurred in defending against the collecting party's claim for debt payment. For the purposes of this section, a resolution mutually agreed upon by the debtor and collecting party is not a successful defense.

Sec. 12. **[332C.05] ENFORCEMENT.**

(a) The attorney general may enforce this chapter under section 8.31. An action brought under this section benefits the public.

(b) A collecting party that violates this chapter is strictly liable to the debtor in question for the sum of:

(1) actual damage sustained by the debtor as a result of the violation;

(2) additional damages as the court may allow, but not exceeding \$1,000 per violation;

and

(3) in the case of any successful action to enforce the foregoing, the costs of the action, together with a reasonable attorney fee as determined by the court.

(c) A collecting party that willfully and maliciously violates this chapter is strictly liable to the debtor for three times the sums allowable under paragraph (b), clauses (1) and (2).

(d) The dollar amount limit under paragraph (b), clause (2), changes on July 1 of each even-numbered year in an amount equal to changes made in the Consumer Price Index, compiled by the United States Bureau of Labor Statistics. The Consumer Price Index for December 2024 is the reference base index. If the Consumer Price Index is revised, the percentage of change made under this section must be calculated on the basis of the revised Consumer Price Index. If a Consumer Price Index revision changes the reference base index, a revised reference base index must be determined by multiplying the reference base index that is effective at the time by the rebasing factor furnished by the Bureau of Labor Statistics.

(e) If the Consumer Price Index is superseded, the Consumer Price Index referred to in this section is the Consumer Price Index represented by the Bureau of Labor Statistics as most accurately reflecting changes in the prices paid by consumers for consumer goods and services.

(f) The attorney general must publish the base reference index under paragraph (c) in the State Register no later than September 1, 2024. The attorney general must calculate and then publish the revised Consumer Price Index under paragraph (c) in the State Register no later than September 1 each even-numbered year.

(g) A collecting party may not be held liable in any action brought under this section if the collecting party shows by a preponderance of evidence that the violation:

(1) was not intentional and resulted from a bona fide error made notwithstanding the maintenance of procedures reasonably adopted to avoid any such error; or

(2) was the result of inaccurate or incorrect information provided to the collecting party by a health care provider, as defined in section 62J.805, subdivision 3; a health carrier, as that term is defined in section 62A.011, subdivision 2; or another collecting party currently or previously engaged in collection of the medical debt in question.

Sec. 13. Minnesota Statutes 2022, section 519.05, is amended to read:

519.05 LIABILITY OF HUSBAND AND WIFE SPOUSES.

(a) A spouse is not liable to a creditor for any debts of the other spouse. ~~Where husband and wife are living together, they shall be jointly and severally liable for necessary medical services that have been furnished to either spouse, including any claims arising under section 246.53, 256B.15, 256D.16, or 261.04, and necessary household articles and supplies furnished to and used by the family.~~ Notwithstanding this paragraph, in a proceeding under chapter 518 the court may apportion such debt between the spouses.

10.1 (b) Either spouse may close a credit card account or other unsecured consumer line of
10.2 credit on which both spouses are contractually liable, by giving written notice to the creditor.

10.3 (c) Nothing in this section prevents a claim against an estate.

10.4 Sec. 14. Minnesota Statutes 2022, section 550.37, subdivision 2, is amended to read:

10.5 Subd. 2. ~~Bible and musical instrument~~ Sacred possessions. The family Bible, library,
10.6 ~~and musical instruments~~ Torah, Qur'an, prayer rug, and other religious items in an aggregate
10.7 not exceeding \$2,000.

10.8 EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes
10.9 of action commenced on or after that date.

10.10 Sec. 15. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
10.11 read:

10.12 Subd. 2b. Library. A personal library in an aggregate amount not exceeding \$750.

10.13 EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes
10.14 of action commenced on or after that date.

10.15 Sec. 16. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
10.16 read:

10.17 Subd. 2c. Musical instruments. Musical instruments in an aggregate amount not
10.18 exceeding \$2,000.

10.19 EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes
10.20 of action commenced on or after that date.

10.21 Sec. 17. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
10.22 read:

10.23 Subd. 2d. Family pets. Family pets in an aggregate amount not exceeding \$1,000.

10.24 EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes
10.25 of action commenced on or after that date.

10.26 Sec. 18. Minnesota Statutes 2022, section 550.37, subdivision 4, is amended to read:

10.27 Subd. 4. **Personal goods.** (a) All wearing apparel, one watch, utensils, and foodstuffs
10.28 of the debtor and the debtor's family.

(b) Household furniture, household appliances, ~~phonographs, radio and television receivers~~ radios, computers, tablets, televisions, printers, cell phones, smart phones, and other consumer electronics of the debtor and the debtor's family, not exceeding \$11,250 in value.

(c) The debtor's aggregate interest, not exceeding \$3,062.50 in value, in ~~wedding rings or other religious or culturally recognized symbols of marriage exchanged between the debtor and spouse at the time of the marriage and in the debtor's possession~~ jewelry.

The exemption provided by this subdivision may not be waived except with regard to purchase money security interests. Except for a pawnbroker's possessory lien, a nonpurchase money security interest in the property exempt under this subdivision is void.

If a debtor has property of the type which would qualify for the exemption under clause (b), of a value in excess of \$11,250 an itemized list of the exempt property, together with the value of each item listed, shall be attached to the security agreement at the time a security interest is taken, and a creditor may take a nonpurchase money security interest in the excess over \$11,250 by requiring the debtor to select the exemption in writing at the time the loan is made.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 19. Minnesota Statutes 2022, section 550.37, subdivision 12a, is amended to read:

Subd. 12a. **Motor vehicles.** One of the following: (1) one motor vehicle, to the extent of a value not exceeding \$5,000 \$10,000; or (2) one motor vehicle that is regularly used by or for the benefit of a physically disabled person, as defined under section 169.345, subdivision 2, to the extent of a value not exceeding \$25,000; (3) one motor vehicle, to the extent of a value not exceeding \$50,000 \$100,000, that has been designed or modified, at a cost of not less than \$3,750, to accommodate the physical disability making a disabled person eligible for a certificate authorized by section 169.345; or (4) one motor vehicle reasonably necessary for use in the trade, business, or profession of the debtor, to the extent of a value not to exceed \$12,500.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

12.1 Sec. 20. Minnesota Statutes 2022, section 550.37, subdivision 14, is amended to read:

12.2 Subd. 14. **Public assistance.** All government assistance based on need, and the earnings
12.3 or salary of a person who is a recipient of government assistance based on need, shall be
12.4 exempt from all claims of creditors including any contractual setoff or security interest
12.5 asserted by a financial institution. For the purposes of this chapter, government assistance
12.6 based on need includes but is not limited to Minnesota family investment program;;
12.7 Supplemental Security Income;; medical assistance; MinnesotaCare; payment of Medicare
12.8 part B premiums or receipt of part D extra help;; MFIP diversionary work program;; work
12.9 participation cash benefit;; Minnesota supplemental assistance;; emergency Minnesota
12.10 supplemental assistance;; general assistance;; emergency general assistance;; emergency
12.11 assistance or county crisis funds;; energy or fuel assistance;~~and;~~ Supplemental Nutrition
12.12 Assistance Program (SNAP); and the portion of any tax refund attributable to a state or
12.13 federal tax credit, including but not limited to the earned income tax credit, state or federal
12.14 child tax credit, Minnesota working family credit, renter's credit, or any low-income tax
12.15 credit. The salary or earnings of any debtor who is or has been an eligible recipient of
12.16 government assistance based on need, or an inmate of a correctional institution shall, upon
12.17 the debtor's return to private employment or farming after having been an eligible recipient
12.18 of government assistance based on need, or an inmate of a correctional institution, be exempt
12.19 from attachment, garnishment, or levy of execution for a period of six months after the
12.20 debtor's return to employment or farming and after all public assistance for which eligibility
12.21 existed has been terminated. The exemption provisions contained in this subdivision also
12.22 apply for 60 days after deposit in any financial institution, whether in a single or joint
12.23 account. In tracing the funds, the first-in first-out method of accounting shall be used. The
12.24 burden of establishing that funds are exempt rests upon the debtor. Agencies distributing
12.25 government assistance and the correctional institutions shall, at the request of creditors,
12.26 inform them whether or not any debtor has been an eligible recipient of government assistance
12.27 based on need, or an inmate of a correctional institution, within the preceding six months.

12.28 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
12.29 of action commenced on or after that date.

12.30 Sec. 21. Minnesota Statutes 2022, section 550.37, subdivision 22, is amended to read:

12.31 Subd. 22. **Rights of action.** Rights of action for injuries to the person of the debtor or
12.32 of a relative whether or not resulting in death. Injuries to the person include physical, mental,
12.33 and emotional injuries.

13.1 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
13.2 of action commenced on or after that date.

13.3 Sec. 22. Minnesota Statutes 2022, section 550.37, subdivision 23, is amended to read:

13.4 Subd. 23. **Life insurance aggregate interest.** The debtor's aggregate interest not to
13.5 exceed in value \$10,000 in any accrued ~~dividend~~ dividends or interest under or loan value
13.6 of any unmatured life insurance ~~contract~~ contracts owned by the debtor under which the
13.7 insured is the debtor or an individual of whom the debtor is a dependent.

13.8 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
13.9 of action commenced on or after that date.

13.10 Sec. 23. Minnesota Statutes 2022, section 550.37, is amended by adding a subdivision to
13.11 read:

13.12 Subd. 27. **Household tools and equipment.** The debtor's aggregate interest, not to
13.13 exceed \$3,000, in household tools and equipment, including but not limited to hand and
13.14 power tools, snow removal equipment, and lawnmowers.

13.15 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
13.16 of action commenced on or after that date.

13.17 Sec. 24. Minnesota Statutes 2022, section 550.39, is amended to read:

13.18 **550.39 EXEMPTION OF INSURANCE POLICIES.**

13.19 The net amount payable to any insured or to any beneficiary under any policy of accident
13.20 or disability insurance or under accident or disability clauses attached to any policy of life
13.21 insurance shall be exempt and free and clear from the claims of all creditors of such insured
13.22 or such beneficiary and from all legal and judicial processes of execution, attachment,
13.23 garnishment, or otherwise, up to a total amount of \$1,000,000 per claim and subsequent
13.24 award.

13.25 Sec. 25. Minnesota Statutes 2022, section 563.01, subdivision 4, is amended to read:

13.26 Subd. 4. **Payment of expenses.** Upon order of the court, the court administrator and the
13.27 sheriff of any Minnesota county shall perform their duties without charge to the person
13.28 proceeding in forma pauperis with a court fee waiver. The court shall direct payment of the
13.29 reasonable expense of service of process pursuant to subdivision 2 if served by a private
13.30 process server, if the sheriff is unavailable, or by publication.

14.1 Sec. 26. Minnesota Statutes 2022, section 563.01, subdivision 8, is amended to read:

14.2 Subd. 8. **Appellate briefs.** In any case on appeal the appellate court shall, upon granting
14.3 permission to proceed ~~in forma pauperis~~ with a court fee waiver following application in
14.4 the manner provided in subdivision 3, direct payment of the reasonable expenses incurred
14.5 in obtaining the record and reproducing the appellate briefs.

14.6 Sec. 27. Minnesota Statutes 2022, section 563.01, subdivision 9, is amended to read:

14.7 Subd. 9. **Rescinding ~~in forma pauperis status~~ court fee waiver.** Upon motion, the
14.8 court may rescind its permission to proceed ~~in forma pauperis~~ with a court fee waiver if it
14.9 the court finds the allegations of poverty contained in the affidavit are untrue, or if, following
14.10 commencement of the action, the party becomes able to pay the fees, costs and security for
14.11 the costs. In such cases, the court may direct the party to pay to the court administrator any
14.12 costs allowing the action to proceed. The court administrator shall transmit the costs to the
14.13 commissioner of management and budget for deposit in the state treasury and credit them
14.14 to the general fund.

14.15 Sec. 28. Minnesota Statutes 2022, section 563.01, subdivision 10, is amended to read:

14.16 Subd. 10. **Judgment.** Judgment may be rendered for costs at the conclusion of the action
14.17 as in other cases. In the event any person recovers moneys by either settlement or judgment
14.18 as a result of commencing or defending an action ~~in forma pauperis~~ with a court fee waiver,
14.19 the costs deferred and the expenses directed by the court to be paid under this section shall
14.20 be included in such moneys and shall be paid directly to the court administrator by the
14.21 opposing party. The court administrator shall transmit the costs to the commissioner of
14.22 management and budget for deposit in the state treasury and credit them to the general fund.

14.23 Sec. 29. Minnesota Statutes 2022, section 563.02, subdivision 2, is amended to read:

14.24 Subd. 2. **Inmate request to proceed in forma pauperis waive court fees.** (a) An inmate
14.25 who wishes to commence a civil action ~~by proceeding in forma pauperis~~ with court fee
14.26 waived must meet the following requirements, in addition to the requirements of section
14.27 563.01, subdivision 3:

14.28 (1) exhaust the inmate complaint procedure developed under the commissioner of
14.29 corrections policy and procedure before commencing a civil action against the department,
14.30 and state in the application to ~~proceed in forma pauperis~~ waive court fees that the inmate
14.31 has done so; and

14.32 (2) include the following information in an affidavit submitted under section 563.01:

15.1 (i) a statement that the inmate's claim is not substantially similar to a previous claim
15.2 brought by the inmate against the same party, arising from the same operative facts, and in
15.3 which there was an action that operated as an adjudication on the merits;

15.4 (ii) complete information on the inmate's identity, the nature and amount of the inmate's
15.5 income, spouse's income, if available to the inmate, real property owned by the inmate, and
15.6 the inmate's bank accounts, debts, monthly expenses, and number of dependents; and

15.7 (iii) the most recent monthly statement provided by the commissioner of corrections
15.8 showing the balance in the inmate's inmate account.

15.9 (b) The inmate shall also attach a written authorization for the court to obtain at any
15.10 time during pendency of the present action, without further authorization from the inmate,
15.11 a current statement of the inmate's inmate account balance, if needed to determine eligibility
15.12 to proceed with bringing a civil action ~~in forma pauperis~~ with court fees waived. An inmate
15.13 who has no funds in an inmate account satisfies the requirement of section 563.01,
15.14 subdivision 3, clause (c).

15.15 (c) An inmate who seeks to proceed as a plaintiff ~~in forma pauperis~~ with court fees
15.16 waived must file with the court the complaint in the action and the affidavit under this
15.17 section before serving the complaint on an opposing party.

15.18 (d) An inmate who has funds in an inmate account may only proceed as a plaintiff in a
15.19 civil action by paying the lesser of:

15.20 (1) the applicable court filing fee; or

15.21 (2) 50 percent of the balance shown in the inmate's account according to the statement
15.22 filed with the court under this subdivision, consistent with the requirements of section
15.23 243.23, subdivision 3.

15.24 (e) If an inmate elects to proceed under paragraph (d), the court shall notify the
15.25 commissioner of corrections to withdraw from the inmate's account the amount required
15.26 under this section and forward the amount to the court administrator in the county where
15.27 the action was commenced. The court shall also notify the commissioner of corrections of
15.28 the amount of the filing fee remaining unpaid. The commissioner shall continue making
15.29 withdrawals from the inmate's account and forwarding the amounts withdrawn to the court
15.30 administrator, at intervals as the applicable funds in the inmate's account equal at least \$10,
15.31 until the entire filing fee and any costs have been paid in full.

16.1 Sec. 30. Minnesota Statutes 2022, section 571.72, subdivision 6, is amended to read:

16.2 Subd. 6. **Bad faith claim.** If, in a proceeding brought under subdivision 9, section 571.91,
16.3 or a similar proceeding under this chapter to determine a claim of exemption, the claim of
16.4 exemption is not upheld, and the court finds that it was asserted in bad faith, the creditor
16.5 shall be awarded actual damages, costs, reasonable attorney fees resulting from the additional
16.6 proceedings, and an amount not to exceed \$100. If the claim of exemption is upheld, and
16.7 the court finds that the creditor disregarded the claim of exemption in bad faith, the debtor
16.8 shall be awarded actual damages, costs, reasonable attorney fees resulting from the additional
16.9 proceedings, and an amount not to exceed \$100. The underlying judgment shall be modified
16.10 to reflect assessment of damages, costs, and attorney fees. However, if the party in whose
16.11 favor a penalty assessment is made is not actually indebted to that party's attorney for fees,
16.12 the attorney's fee award shall be made directly to the attorney and if not paid an appropriate
16.13 judgment in favor of the attorney shall be entered.

16.14 Sec. 31. Minnesota Statutes 2022, section 571.72, subdivision 9, is amended to read:

16.15 Subd. 9. **Motion to determine objections.** (a) This subdivision applies to all garnishment
16.16 proceedings governed by this chapter. An objection regarding a garnishment must be
16.17 interposed as provided in section 571.914, subdivision 1, in the form provided under section
16.18 571.914, subdivision 2.

16.19 (b) Upon motion of any party in interest, on notice, the court shall determine the validity
16.20 of any claim of exemption and may make any order necessary to protect the rights of those
16.21 interested.

16.22 (c) Upon receipt of a claim of exemption by the debtor, the creditor must interpose an
16.23 objection within ten business days of the date the exemption claim was received. An objection
16.24 must be interposed:

16.25 (1) in the district court that issued the judgment, filing the Notice of Objection and
16.26 requesting a hearing; and

16.27 (2) mailing or delivering one copy of the Notice of Objection and Notice of Hearing to
16.28 the garnishee and one copy of the Notice of Objection and Notice of Hearing to the debtor.

16.29 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
16.30 of action commenced on or after that date.

17.1 Sec. 32. Minnesota Statutes 2022, section 571.914, subdivision 1, is amended to read:

17.2 Subdivision 1. **Objections and request for hearing.** ~~An objection shall be interposed,~~
17.3 ~~within six business days of receipt by the creditor of an exemption claim from the debtor,~~
17.4 ~~by mailing or delivering one copy of the Notice of Objection and Notice of Hearing to the~~
17.5 ~~financial institution and one copy of the Notice of Objection and Notice of Hearing to the~~
17.6 ~~debtor.~~

17.7 (a) The Notice of Objection and Notice of Hearing form must be substantially in the
17.8 form set out in subdivision 2.

17.9 (b) The court administrator may charge a fee of \$1 for the filing of a Notice of Objection
17.10 and Notice of Hearing. Upon the filing of a Notice of Objection and Notice of Hearing, the
17.11 court administrator shall schedule the matter for hearing no sooner than five business days
17.12 but no later than seven business days from the date of filing. A debtor may request
17.13 continuance of the hearing by notifying the creditor and the court. The court shall schedule
17.14 the continued hearing within seven days of the original hearing date.

17.15 (c) An order stating whether the debtor's funds are exempt shall be issued by the court
17.16 within three days of the date of the hearing.

17.17 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to causes
17.18 of action commenced on or after that date.

17.19 Sec. 33. Minnesota Statutes 2022, section 571.921, is amended to read:

17.20 **571.921 DEFINITIONS.**

17.21 For purposes of sections 571.921 to ~~571.926~~ 571.927, the following terms have the
17.22 meanings given them:

17.23 (a) "Earnings" means:

17.24 (1) compensation paid or payable to an employee, independent contractor, or
17.25 self-employed person for personal service, whether denominated as wages, salary,
17.26 commissions, bonus, payments, profit-sharing distribution, severance payment, fees, or
17.27 otherwise, and includes periodic payments pursuant to a pension or retirement program;

17.28 (2) compensation paid or payable to the producer for the sale of agricultural products;
17.29 livestock or livestock products; milk or milk products; or fruit or other horticultural products
17.30 produced when the producer is operating a family farm, a family farm corporation, or an
17.31 authorized farm corporation, as defined in section 500.24, subdivision 2; or

17.32 (3) maintenance as defined in section 518.003, subdivision 3a.

(b) "Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of amounts required by law to be withheld.

(c) "Employee" means an individual ~~who performs services subject to the right of the employer to control both what is done and how it is done,~~ whether currently or formerly employed, who is owed earnings and who is treated by an employer as an employee for federal employment tax purposes.

(d) "Employer" means a person ~~for whom an individual performs services as an employee~~ who owes or will owe earnings to an employee.

(e) "Independent contractor" means an individual who receives or is owed earnings from an employer through periodic payments and is not treated by the employer as an employee for federal employment tax purposes.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 34. Minnesota Statutes 2022, section 571.922, is amended to read:

571.922 LIMITATION ON WAGE GARNISHMENT.

(a) Unless the judgment is for child support, the maximum part of the aggregate disposable earnings of an individual for any pay period subjected to garnishment may not exceed the lesser of:

(1) 25 percent of the debtor's disposable earnings; ~~or~~ if the debtor's weekly income exceeds 80 times the greater of the minimum hourly wages described in section 177.24, subdivision 1, paragraph (b), clause (1), item (iii);

(2) 20 percent of the debtor's disposable earnings, if the debtor's weekly income exceeds 60 times but is less than or equal to 80 times the greater of the minimum hourly wages described in section 177.24, subdivision 1, paragraph (b), clause (1), item (iii);

(3) ten percent of the debtor's disposable earnings, if the debtor's weekly income exceeds 40 times but is less than or equal to 60 times the greater of the minimum hourly wages described in section 177.24, subdivision 1, paragraph (b), clause (1), item (iii); or

(4) the amount by which the debtor's disposable earnings exceed the greater of:

(i) 40 times the hourly wage described in section 177.24, subdivision 1, paragraph (b), clause (1), item (iii); or

(ii) 40 times the federal minimum hourly wages prescribed by section 6(a)(1) of the Fair Labor Standards Act of 1938, United States Code, title 29, section 206(a)(1). The calculation of the amount that is subject to garnishment must be based on the hourly wage in effect at the time the earnings are payable, times the number of work weeks in the pay period. When a pay period consists of other than a whole number of work weeks, each day of that pay period in excess of the number of completed work weeks shall be counted as a fraction of a work week equal to the number of excess workdays divided by the number of days in the normal work week.

(b) If the judgment is for child support, the garnishment may not exceed:

(1) 50 percent of the judgment debtor's disposable income, if the judgment debtor is supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks to be calculated to the beginning of the work week in which the execution levy is received);

(2) 55 percent of the judgment debtor's disposable income, if the judgment debtor is supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks to be calculated to the beginning of the work week in which the garnishment summons is received);

(3) 60 percent of the judgment debtor's disposable income, if the judgment debtor is not supporting a spouse or dependent child and the judgment is 12 weeks old or less (12 weeks to be calculated to the beginning of the work week in which the execution levy is received);
or

(4) 65 percent of the judgment debtor's disposable income, if the judgment debtor is not supporting a spouse or dependent child, and the judgment is over 12 weeks old (12 weeks to be calculated to the beginning of the work week in which the garnishment summons is received).

Wage garnishments on judgments for child support are effective until the judgments are satisfied if the judgment creditor is a county and the employer is notified by the county when the judgment is satisfied.

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

EFFECTIVE DATE. This section is effective April 1, 2025, and applies to causes of action commenced on or after that date.

Sec. 35. Minnesota Statutes 2022, section 571.927, is amended to read:

571.927 PENALTY FOR RETALIATION FOR GARNISHMENT.

Subdivision 1. **Prohibition.** An employer shall not discharge or otherwise discipline an employee or independent contractor as a result of an earnings garnishment authorized by this chapter.

Subd. 2. **Remedy.** If an employer violates this section, a court may order the reinstatement of an aggrieved party who demonstrates a violation of this section, and other relief the court considers appropriate. The aggrieved party may bring a civil action within 90 days of the date of the prohibited action. If an employer-employee or employer-independent contract relationship existed before the violation of this section, the employee or independent contractor shall recover twice the ~~wages~~ earnings lost as a result of this violation.

Subd. 3. **Nonwaiver.** The rights guaranteed by this section may not be waived or altered by ~~employment~~ contract.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to causes of action commenced on or after that date.

Sec. 36. **GARNISHMENT FORMS REVISION.**

(a) The attorney general must review and make recommendations to revise into plain language and ensure comportment with law the notices and forms found in Minnesota Statutes, sections 571.72, subdivisions 8 and 10; 571.74; 571.75, subdivision 2; 571.912; and 571.925.

(b) The attorney general must review and determine whether the forms contained in Minnesota Statutes, sections 571.711; 571.914; 571.931, subdivision 6; and 571.932, subdivision 2, should be revised (1) into a more easily readable and understandable format, and (2) to ensure comportment with law. If the attorney general determines the forms should be revised, the attorney general must make recommendations for legislative revisions to the forms.

(c) The recommendations made under paragraphs (a) and (b) must include proposals to: (1) explain in simple terms the meaning of garnishment in any form that uses the term garnishment; and (2) prominently place on forms the name, telephone number, and email address of the creditor.

(d) When developing the recommendations, the attorney general must consult with the Center for Plain Language and other plain language experts the attorney general may identify,

21.1 and must collaborate with the Office of the Attorney General and affected business and
21.2 consumer groups, including but not limited to:

21.3 (1) the Minnesota Creditors' Rights Association;

21.4 (2) the Great Lakes Credit and Collections Association;

21.5 (3) the Minnesota Bankers' Association;

21.6 (4) the Minnesota Credit Union Network;

21.7 (5) BankIn Minnesota;

21.8 (6) Mid-Minnesota Legal Aid;

21.9 (7) the Minnesota chapter of the National Association of Consumer Advocates;

21.10 (8) the Minnesota chapter of the National Association of Consumer Bankruptcy Attorneys;

21.11 (9) Lutheran Social Service; and

21.12 (10) Family Means.

21.13 (e) For the purposes of this section, "plain language" means communication in which
21.14 the wording, structure, and design are so clear that the intended reader can easily:

21.15 (1) find what the reader needs;

21.16 (2) understand what the reader needs; and

21.17 (3) use what the reader finds to meet the reader's needs.

21.18 Sec. 37. **REVISOR INSTRUCTION.**

21.19 The revisor of statutes shall change the headnote for Minnesota Statutes, section 563.01,
21.20 to "COURT FEE WAIVER; AUTHORIZATION.""

21.21 Amend the title as follows:

21.22 Page 1, line 4, delete "modifying certain statutory forms;"

21.23 Amend the title numbers accordingly

21.24 And when so amended the bill do pass and be re-referred to the Committee on Commerce
21.25 and Consumer Protection. Amendments adopted. Report adopted.

21.26

21.27

.....
(Committee Chair)

22.1	March 27, 2024.....
22.2	(Date of Committee recommendation)