

SUMMARY OF SENATE BILL 15-283

EXEMPTION REVISIONS

Exemptions protect certain property and assets of debtors from the reach of creditors. Exemptions have existed since Colorado became a state, and the Colorado Constitution mandates liberal exemptions. The last two general amendments to the Colorado exemptions were in 1999 and 2007.

The following exemptions are being increased:

- homestead exemption from \$60,000 to \$75,000
- homestead exemption for the elderly or disabled from \$90,000 to \$105,000
- motor vehicle exemption from \$5,000 to \$7,500 per person
- motor vehicle exemption for the elderly or disabled from \$10,000 to \$12,500
- tools of trade exemption from \$20,000 to \$30,000 for a PRIMARY occupation
- disability payments from \$3,000/month to \$4,000/month
- clothing from \$1,500 to \$2,000
- jewelry from \$2,000 to \$2,500
- library, pictures and books from \$1,500 to \$2,000

The following exemptions are being limited:

- the motor vehicle exemption is limited to the equity in two vehicles
- the motor vehicle exemption cannot be used for recreational vehicles
- the tools of the trade exemption is reduced to \$10,000 if the activity is not the primary source of income

The following exemptions are being clarified or simplified:

- clarifies the earnings exemption to make clear that the earnings of an independent contractor (who is a natural person) are exempt and subject to garnishment, the same as the earnings of an employee
- the exemption for the cash surrender value of life insurance is simplified

The notice provisions for non-wage garnishments (such as garnishments of bank accounts) are modernized and improved. Current law requires that notice of such garnishments be by personal service by a process server. The bill will allow for such service by mail or by email in certain circumstances. This provision will reduce the administrative burden on banks due to garnishment activity, and will reduce the number of unclaimed accounts turned over to the Secretary of State.