

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 1606

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DATE	D-PG	OFFICIAL STATUS
02/20/2025	440	Introduction and first reading Referred to Judiciary and Public Safety

1.1 A bill for an act

1.2 relating to commerce; modifying exemptions for garnishment and bankruptcy;

1.3 amending Minnesota Statutes 2024, sections 550.37, by adding a subdivision;

1.4 571.73, subdivision 4; 571.78; 571.911; 571.913.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2024, section 550.37, is amended by adding a subdivision

1.7 to read:

1.8 Subd. 29. **Funds in a depository account.** An amount of up to \$1,000 in one or more

1.9 of a debtor's depository accounts held in a financial institution, regardless of the money's

1.10 source, is exempt from garnishment under sections 571.91 to 571.915. The exemption under

1.11 this section is in addition to any other exemptions for which the debtor is eligible under this

1.12 section, except that a debtor is prohibited from claiming the exemption under this subdivision

1.13 in conjunction with the exemption under subdivision 28. A financial institution that receives

1.14 a garnishment summons under section 571.72 must leave in the debtor accounts the lesser

1.15 of the total of the debtor accounts or \$1,000. Except as provided in subdivisions 13 and 14,

1.16 the exemption under this subdivision does not apply to a contractual setoff or security interest

1.17 asserted by a financial institution.

1.18 **EFFECTIVE DATE.** This section is effective August 1, 2025, and applies to causes

1.19 of action commenced on or after that date.

1.20 Sec. 2. Minnesota Statutes 2024, section 571.73, subdivision 4, is amended to read:

1.21 Subd. 4. **Property not attachable.** The following property is not subject to attachment

1.22 by garnishment:

2.1 (1) any indebtedness, money, or other property due to the debtor, unless at the time of
2.2 the garnishment summons the same is due absolutely or does not depend upon any
2.3 contingency;

2.4 (2) any judgment in favor of the debtor against the garnishee, if the garnishee or the
2.5 garnishee's property is liable on an execution levy upon the judgment;

2.6 (3) any debt owed by the garnishee to the debtor for which any negotiable instrument
2.7 has been issued or endorsed by the garnishee;

2.8 (4) any indebtedness, money, or other property due to the debtor where the debtor is a
2.9 bank, savings bank, trust company, credit union, savings association, or industrial loan and
2.10 thrift companies with deposit liabilities;

2.11 (5) any indebtedness, money, or other property due to the debtor with a cumulative value
2.12 of less than \$10; ~~and~~

2.13 (6) any disposable earnings, indebtedness, money, or property that is exempt under
2.14 Minnesota or federal law; and

2.15 (7) except as provided under section 550.37, subdivision 29, money in one or more
2.16 depository accounts held in a financial institution totaling \$1,000 or less.

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

2.19 Sec. 3. Minnesota Statutes 2024, section 571.78, is amended to read:

2.20 **571.78 DUTIES OF A GARNISHEE.**

2.21 A garnishee shall:

2.22 (1) complete the garnishment disclosure form and return it to the creditor, and serve a
2.23 copy on the debtor as required by section 571.75;

2.24 (2) retain nonexempt disposable earnings, indebtedness, money, or other property
2.25 belonging to the debtor up to 110 percent of the amount claimed in the garnishment summons,
2.26 as required by section 571.73, except as limited by ~~section~~ sections 550.37, subdivision 29,
2.27 and 571.922;

2.28 (3)(a) remit and deliver the garnished nonexempt disposable earnings, indebtedness,
2.29 money, or other property to the creditor upon levy, written authorization of the debtor, court
2.30 order, or operation of law. However, the garnishee shall not be compelled to deliver the

3.1 nonexempt earnings, indebtedness, money, or other property at any time or place other than
3.2 as stipulated in the contract between the garnishee and the debtor; or

3.3 (b) return the garnished nonexempt disposable earnings, indebtedness, money, or other
3.4 property to the debtor when the garnishment retention period expires as set forth in section
3.5 571.79.

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

3.8 Sec. 4. Minnesota Statutes 2024, section 571.911, is amended to read:

3.9 **571.911 EXEMPTION NOTICE; DUTY OF FINANCIAL INSTITUTION.**

3.10 (a) If the garnishment summons is used to garnish funds of a debtor who is a natural
3.11 person and if the funds to be garnished are held on deposit at a financial institution, the
3.12 creditor shall serve with the garnishee summons a notice, instructions, and two copies of
3.13 an exemption notice. The notice, instructions, and exemption notices must be substantially
3.14 in the forms set forth in section 571.912. Failure of the creditor to send the exemption notice
3.15 renders the garnishment void, and the financial institution shall take no action.

3.16 (b) Except as provided under section 550.37, subdivision 29, upon receipt of the
3.17 garnishment summons and exemption notices, the financial institution shall retain as much
3.18 of the amount under section 571.73 as the financial institution has on deposit owing to the
3.19 debtor, but not more than 110 percent of the creditor's claim.

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

3.22 Sec. 5. Minnesota Statutes 2024, section 571.913, is amended to read:

3.23 **571.913 EFFECT OF EXEMPTION NOTICE.**

3.24 Subject to section 550.37, subdivision 29, within two business days after receipt of the
3.25 garnishment summons, the notice, instructions, and two copies of the exemption notice, the
3.26 financial institution shall serve upon the debtor the notice, instructions, and two copies of
3.27 the exemption notice. The financial institution shall serve these forms by first class mail to
3.28 the last known address of the debtor. If no claim of exemption is received by the financial
3.29 institution within 14 days after the exemption notices are mailed to the debtor, the funds
3.30 remain subject to the garnishment summons. If the debtor elects to claim an exemption, the
3.31 debtor shall complete the exemption notices, sign them under penalty of perjury, and deliver
3.32 one copy to the financial institution and one copy to the attorney for the creditor within 14

4.1 days of the date postmarked on the correspondence mailed to the debtor containing the
4.2 exemption notices. The debtor is also required to include copies of bank statements for the
4.3 prior 60 days with the exemption notice delivered to the attorney for the creditor. In the
4.4 event that there is no attorney for the creditor, then the notice and the bank statements must
4.5 be sent directly to the creditor. Failure of the debtor to deliver the executed exemption notice
4.6 or copies of the required bank statements for the prior 60 days does not constitute a waiver
4.7 of a claimed right to an exemption. Upon timely receipt of a claim of exemption, funds not
4.8 claimed to be exempt by the debtor remain subject to the garnishment summons. All money
4.9 claimed to be exempt shall be released to the debtor upon the expiration of six business
4.10 days after the date postmarked on the envelope containing the executed exemption notice
4.11 mailed to the financial institution, or the date of personal delivery of the executed exemption
4.12 notice to the financial institution, unless within that time the creditor interposes an objection
4.13 to the exemption.

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