

UPDATE BANKRUPTCY AND DEBT COLLECTION EXEMPTIONS

Update New Mexico's bankruptcy code and garnishment statutes to be current and consistent with other states and federal law. State exemption laws are intended to allow individuals to keep some basic assets to survive and get a fresh start while paying judgment creditors or filing for bankruptcy.

This bill would protect New Mexicans' essential personal property in bankruptcy and collection actions and provide for automatic cost-of-living adjustments to keep exemption laws up to date.

NMSA § 42-10-1 to § 42-10-14. These updates include:

- Increase exemptions for essential personal property that have increased in value over the last 70 years, such as tools and equipment needed to earn a living, vehicles, and jewelry.
- Clarify the definition of household goods to include electronics, medical equipment, firearms, and appliances.
- Exempt refundable tax credits like the Working Families and Child Tax Credits and protects Social Security and Veterans benefits.

Increase the homestead exemption for single, married, disabled, and elderly persons. NMSA § 42-10-9

- Right now, New Mexico's homestead exemption is \$60,000 for single persons/\$120,000 for married couples.
- The bill would increase the homestead exemption to \$200,000 for single persons/\$400,000 for married couple and \$250,000/\$500,000 for single elderly or disabled persons and elderly or disabled married couples.
- Neighboring states Colorado and Arizona have also recently increased their homestead exemptions in light of rising costs of living and home values.

Ensures that the local minimum wage is protected for workers facing wage garnishments. NMSA § 35-12-7

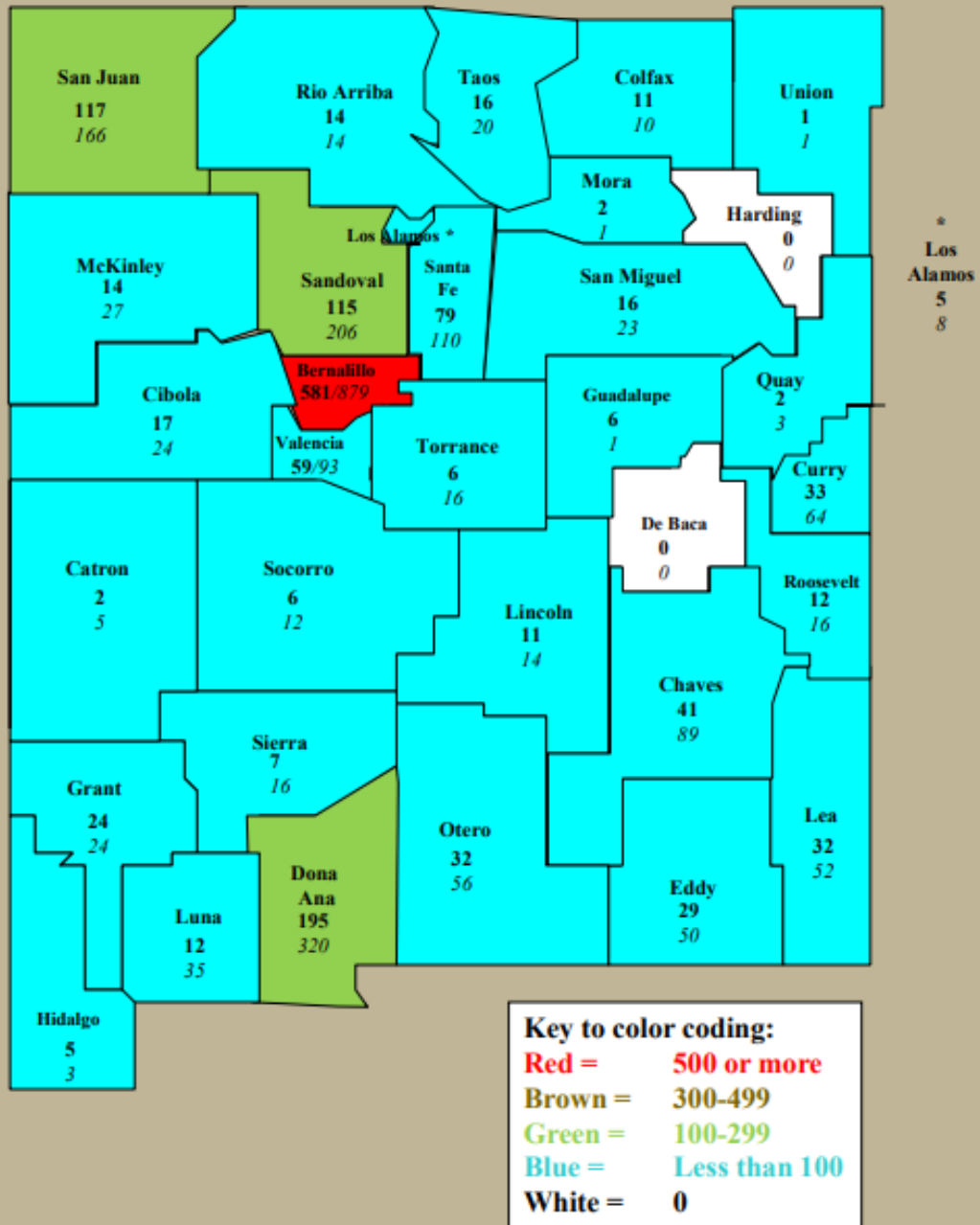
- Currently, the statute protects only wages up to the *federal* minimum wage. This update ensures consistency with New Mexico's minimum wage laws.

Requires Writs of Garnishment to Inform New Mexicans of their exemption rights and automatically protects a minimum amount of money in a bank account so that New Mexicans can meet basic needs if garnished. NMSA § 35-12-18

Prohibits creditors from taking unemployment benefits and exempt wages. NMSA § 51-1-37

- Currently, creditors can seize unemployment benefits once deposited into a bank account. It is critical that these benefits remain protected so that New Mexico families can pay for basic necessities like rent and utilities.

**District of New Mexico
Bankruptcy filing totals
for 2021**
(year 2020 totals are in italics)



Map From USCourts.gov