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## FISCAL IMPACT REPORT

**SPONSOR** Anderson                      **ORIGINAL DATE** 03/02/11  
**LAST UPDATED** 03/09/11      **HB** 522/aHHGAC  
**SHORT TITLE** Creditor Claims to Some Veteran Payments      **SB** \_\_\_\_\_  
**ANALYST** Esquibel

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY11	FY12		
N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)

Department of Veterans' Services (DVS)

### SUMMARY

#### Synopsis of HHGAC Amendments

The House Health and Government Affairs Committee Amendment to House Bill 522 does not exempt a veteran's service-connected disability payments from child and spousal support enforcement.

#### Synopsis of Original Bill

House Bill 522 would exempt a veteran's service-connected disability payments from liability to creditor claims, levy or seizure.

### FISCAL IMPLICATIONS

Federal statutes generally prohibit the garnishment of VA benefits to satisfy debts owed to private individuals. The sole exception is that VA disability compensation received in lieu of waived military retired pay can be garnished in order to satisfy court-ordered child support and alimony obligations. In such cases, only a portion of a VA compensation award representing the amount of retired pay which has been waived can be garnished. The DVS indicates a VA survey

in 1992 indicated only 93 garnishment orders were received during the preceding year.

**SIGNIFICANT ISSUES**

VA benefits, including even disability compensation received in lieu of retired pay, are protected by Federal law from court-ordered divisions of property upon veterans' divorces. However, the U.S. Supreme Court ruled in *Rose v. Rose*, 481 U.S. 619 (1987), that state courts are not precluded from setting child support obligations at such levels that veterans would necessarily have to use some of their disability compensation to meet them.

**TECHNICAL ISSUES**

On page 1 lines 19-23, and page 2 lines 2-4, it implies that the disability payments would come from the US Department of Veterans Affairs but does not clearly state this. Would the benefits awarded veterans' from Social Security also be protected from garnishment under the provisions of HB522?

RAE/bym:mew