

**ASSEMBLY, No. 3513**

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**STATE OF NEW JERSEY**

**221st LEGISLATURE**

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INTRODUCED FEBRUARY 5, 2024

**Sponsored by:**  
**Assemblyman HERB CONAWAY, JR.**  
**District 7 (Burlington)**

**SYNOPSIS**

Increases debt execution exemption amounts for household goods, establishes for persons in debt homestead, bank account, and disposable earnings exemptions, and caps medical debt interest rate.

**CURRENT VERSION OF TEXT**

As introduced.



A3513 CONAWAY

2

1 AN ACT concerning debt executions, amending N.J.S.2A:17-19 and  
2 supplementing Title 2A of the New Jersey Statutes and Title 31  
3 of the Revised Statutes.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. N.J.S.2A:17-19 is amended to read as follows:

9 2A:17-19. Amount; exceptions

10 a. Goods and chattels, shares of stock or interests in any  
11 corporation and personal property of every kind designated by the  
12 debtor, not exceeding in value, exclusive of wearing apparel,  
13 [\$1,000.00] \$15,000 or \$25,000 for a debtor with a physical  
14 disability, all essential and ordinary household goods, and all  
15 wearing apparel, **[the property of a debtor]** shall be reserved, both  
16 before and after **[his]** death, for **[his]** the debtor's use or that of  
17 **[his]** the debtor's family or **[his]** estate, and shall not be liable to  
18 be seized or taken by virtue of any execution or civil process  
19 whatever, issued out of any court of this State, without the need for  
20 the judgment debtor to make a claim of exemption.

21 Nothing **[herein contained]** in P.L. , c. (C. ) (pending  
22 before the Legislature as this bill) shall be deemed or held to protect  
23 from sale under execution or other process any goods, chattels or  
24 property, **[for]** the purchase **[whereof]** of which gave rise to the  
25 debt or demand for which the judgment on which such execution or  
26 process was **[issued, shall have been contracted, or to]** obtained.  
27 P.L. , c. (C. ) (pending before the Legislature as this bill)  
28 shall not apply to process issued for the collection of taxes or  
29 assessments.

30 b. In addition to any other funds exempt under this section,  
31 \$5,000 in cash, or in a deposit account or other account of the  
32 debtor, shall be reserved, both before and after death, for the  
33 debtor's use or that of the debtor's family or estate, and shall not be  
34 liable to be seized or taken by virtue of any execution or civil  
35 process issued by any court of this State. A garnishment order  
36 issued against a bank or other account shall instruct the garnishee  
37 that it is to garnish only the amount exceeding \$5,000. If the  
38 judgment debtor has grounds to claim that more than \$5,000 is  
39 exempt, the judgment debtor is entitled to file a petition in a court  
40 of competent jurisdiction to that effect. The exemption described in  
41 this subsection shall be adjusted annually beginning on first day of  
42 January of each successive year following the enactment of P.L. ,  
43 c. (C. ) (pending before the Legislature as this bill) by the  
44 increase in the cost of living, which shall be measured by the  
45 percentage increase, as of August of the previous year, of the  
46 consumer price index or its successor index as published by the

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 United State Department of Labor, the federal Bureau of Labor  
2 Statistics, or its successor agency, with the amount of the exemption  
3 rounded up to the nearest \$100.

4 c. Except as provided in subsection d. of this section, the  
5 maximum part of the disposable earnings of a debtor for any  
6 workweek that is subject to execution or civil process may not  
7 exceed 10 percent of disposable earnings for that week or the  
8 amount by which disposable earnings for that week exceed 60 times  
9 the applicable minimum hourly wage in effect at the time the  
10 earnings are payable, whichever is less. The applicable minimum  
11 hourly wage is the minimum wage required by federal, State, or  
12 local law, whichever is highest.

13 d. The exemptions provided in subsection c. of this section  
14 shall not apply in the case of any order for the support of any  
15 person. In such case, one-half of the disposable earnings of a debtor  
16 for any pay period is exempt from execution or civil process.

17 e. The exemptions provided in this section shall not apply to  
18 the orders of any court of bankruptcy under 11 U.S.C. s.1301 et al.  
19 or any debt due for any State or federal tax.

20 f. As used in this section, “disposable earnings” means that  
21 remaining portion of a debtor’s wages, salary, or compensation for  
22 the debtor’s personal services, including bonuses and commissions,  
23 or otherwise, and includes payments pursuant to a pension or  
24 retirement program or deferred compensation plan, after deducting  
25 from the earnings those amounts required by law to be withheld.

26 (cf: P.L.1973, c.162, s.1)

27

28 2. (New section) a. Any person aged 18 or over, married or  
29 single, who resides within the State may hold as a homestead  
30 exempt from attachment, execution, and forced sale, not exceeding  
31 \$400,000 in value, any one of the following:

32 (1) the person’s interest in real property upon which exists a  
33 dwelling house in which the person resides;

34 (2) the person’s interest in one condominium or cooperative in  
35 which the person resides; or

36 (3) a manufactured home as defined pursuant to section 2 of  
37 P.L.1990, c.61 (C.54:4-8.58), including the land on which the  
38 manufactured home is situated.

39 b. Only one homestead exemption may be held by a married  
40 couple or a single person under this section. The value as specified  
41 in this section refers to the equity of a single person or married  
42 couple. If a married couple lived together in a dwelling house, a  
43 condominium or cooperative, or a manufactured home and are then  
44 divorced, the total exemption allowed for that residence to either or  
45 both persons shall not exceed \$400,000 in value.

46 c. The homestead exemption, not exceeding the value provided  
47 for in subsection a. of this section and as further adjusted pursuant  
48 to subsection d. of this section, automatically attaches to the

1 person's interest in identifiable cash proceeds from the voluntary or  
2 involuntary sale of the property. The homestead exemption in  
3 identifiable cash proceeds continues for 18 months after the date of  
4 the sale of the property or until the person establishes a new  
5 homestead with the proceeds, whichever period is shorter. Only  
6 one homestead exemption at a time may be held by a person under  
7 this section.

8 d. The homestead exemption provided by this section shall be  
9 adjusted annually beginning on January 1, 2024 and thereafter on  
10 January 1 of each successive year by the increase in the cost of  
11 living. The increase in the cost of living shall be measured by the  
12 percentage increase as of August of the immediately preceding year  
13 over the level as of August of the previous year of the consumer  
14 price index (all urban consumers, United States city average for all  
15 items) or its successor index as published by the United States  
16 Department of Labor, the federal Bureau of Labor Statistics, or its  
17 successor agency, with the amount of the exemption rounded up to  
18 the nearest \$100.

19

20 3. (New section) a. The maximum interest rate on medical  
21 debt shall be the lesser of the following:

22 (1) the annual rate equal to the weekly average one-year  
23 constant maturity Treasury yield, as published by the Board of  
24 Governors of the Federal Reserve System, for the calendar week  
25 preceding the date when the consumer was first provided with a  
26 bill; or

27 (2) three percent a year.

28 The maximum interest rate provided pursuant to this subsection  
29 shall also apply to any judgments on medical debt.

30 b. As used in this section:

31 "Health care services" means a health care service as defined  
32 pursuant to section 2 of P.L.1971, c.136 (C.26:2H-2).

33 "Medical debt" means a loan, indebtedness, or other obligation  
34 arising directly from the receipt of health care services or of  
35 medical products or devices.

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37 4. This act shall take effect on the 90th day next following  
38 enactment.

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STATEMENT

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43 This bill increases the debt execution exemption amounts for  
44 household goods, establishes for persons in debt homestead, bank  
45 account, and disposable earnings exemptions, and places a cap on  
46 the medical debt interest rate.

47 Under the bill, any person aged 18 or over, married or single,  
48 who resides within the State may hold as a homestead exempt from

1 attachment, execution, and forced sale, not exceeding \$400,000 in  
2 value any of the following: an interest in real property upon which  
3 exists a dwelling house in which the person resides; an interest in a  
4 condominium or cooperative in which the person resides; or a  
5 manufactured home, including the land on which the manufactured  
6 home is situated. The homestead exemption will automatically  
7 attach to the person's interest in identifiable cash proceeds from the  
8 voluntary or involuntary sale of the property. The homestead  
9 exemption in identifiable cash proceeds continues for 18 months  
10 after the date of the sale of the property or until the person  
11 establishes a new homestead with the proceeds, whichever period is  
12 shorter. Only one homestead exemption at a time may be held by a  
13 person under the bill.

14 The bill additionally increases the total value of household goods  
15 that are exempt from debt collection from \$1,000 to \$15,000 or  
16 \$25,000 for a debtor with a physical disability. The bill also  
17 provides for an exemption from garnishment of up to \$5,000 for  
18 cash held in a deposit account or other account of the debtor and  
19 limits the amount of disposable earnings subject to execution to no  
20 more than 10 percent of disposable earnings for that week or the  
21 amount by which disposable earnings for that week exceed 60 times  
22 the applicable minimum hourly wage in effect at the time the  
23 earnings are payable, whichever is less. For the purpose of this bill,  
24 "disposable earnings" means the remaining portion of a debtor's  
25 wages, salary, or compensation for the debtor's personal services,  
26 including bonuses and commissions, or otherwise, and includes  
27 payments pursuant to a pension or retirement program or deferred  
28 compensation plan, after deducting from the earnings those amounts  
29 required by law to be withheld.

30 Finally, the bill places a cap on the interest rate for medical debt.  
31 The maximum interest rate on medical debt will be the lesser of the  
32 following:

33 (1) the annual rate equal to the weekly average one-year  
34 constant maturity Treasury yield, as published by the Board of  
35 Governors of the Federal Reserve System, for the calendar week  
36 preceding the date when the consumer was first provided with a  
37 bill; or

38 (2) three percent a year.