

RULES COMMITTEE ACTION REQUEST FORM

Rules Committee Meeting Date: 6/10/2024

Rules Committee action requested [Choose from drop down menu below]:
Submit to JC (without circulating for comment)

Title of proposal: Rules and Forms: Adjustments to Exemptions from Enforcement of Judgments

Proposed rules, forms, or standards (include amend/revise/adopt/approve):
Revise form EJ-156

Committee or other entity submitting the proposal:
Judicial Council Staff

Staff contact (name, phone and e-mail): James Barolo, 415-865-8928, james.barolo@jud.ca.gov

Identify project(s) on the committee's annual agenda that is the basis for this item:

Annual agenda approved by Rules Committee on (date): October 26, 2023; Amended February 9, 2024

Project description from annual agenda: Develop rule and form changes as necessary to make corrections and adjustments meeting the criteria of rule 10.22(d)(2): "a nonsubstantive technical change or correction or a minor substantive change that is unlikely to create controversy...." These include revisions to forms that contain dollar figures based on statutory criteria that the Judicial Council is mandated to adjust on a regular basis.

Out of Cycle: *If requesting September 1 effective date or out of cycle, explain why:*

Code of Civil Procedure, section 704.220(a) provides that money in a judgement debtor's deposit account is exempt from judgment up to the amount equal to the minimum basic standard of care for a family of four. The amount of the minimum standard of care is adjusted annually effective every July 1. This proposal updates the Judicial Council form that lists the dollar amounts of exemptions from judgment (EJ-156) to include the adjusted standard of care figure effective July 15, 2024.

Additional Information for Rules Committee: (To facilitate Rules Committee's review of your proposal, please include any relevant information not contained in the attached summary.)

Additional Information for JC Staff (provide with reports to be submitted to JC):

- **Form Translations** (check all that apply)

This proposal:

- includes forms that have been translated.
- includes forms or content that are required by statute to be translated. Provide the code section that mandates translation: [Click or tap here to enter text.](#)
- includes forms that staff will request be translated.

- **Form Descriptions** (for any proposal with new or revised forms)

The forms in this proposal will require new or revised form descriptions on the JC forms webpage. (If this is checked, the form descriptions should be approved by a supervisor before submitting this RAR.)

- **Self-Help Website** (check if applicable)

This proposal may require changes or additions to self-help web content.



Judicial Council of California

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REPORT TO THE JUDICIAL COUNCIL

Item No.: 24-120

For business meeting on July 11–12, 2024

Title

Rules and Forms: Adjustments to Exemptions from Enforcement of Judgments

Rules, Forms, Standards, or Statutes Affected

Revise form EJ-156

Recommended by

Judicial Council staff
Anne M. Ronan, Supervising Attorney
James Barolo, Attorney
Legal Services

Agenda Item Type

Action Required

Effective Date

July 15, 2024

Date of Report

June 4, 2024

Contact

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Executive Summary

The Code of Civil Procedure requires the Judicial Council to publish a list of the current dollar amounts of exemptions from judgment. The Code of Civil Procedure also provides that the dollar amount of the exemption for a judgment debtor's deposit account be adjusted every July 1. In addition, the Legislature recently amended the relevant sections of the Code of Civil Procedure to adjust the amount of two other existing exemptions and added two new exemptions. Accordingly, Judicial Council staff recommend revising the form that contains the list of dollar amounts of exemptions from judgment to reflect the updated figure for deposit accounts and to implement the recent statutory amendments.

Recommendation

Judicial Council staff recommend that the Judicial Council, effective July 15, 2024, revise *Current Dollar Amounts of Exemptions From Enforcement of Judgments* (form EJ-156) to reflect increases in the minimum basic standard of care for a family of four and to implement new law.

Proposed revised form EJ-156 is attached at pages 4–5.

Relevant Previous Council Action

The Judicial Council last revised form EJ-156 effective July 24, 2023, to reflect the July 2023 adjustment to the minimum basic standard of care for a family of four. The council also regularly revises the form every three years to adjust the exemption amounts based on the change in the California Consumer Price Index as required by Code of Civil Procedure section 703.150. Such revision last took effect in April 2022 and will be required again in 2025.

Analysis/Rationale

Code of Civil Procedure section 703.150(e)¹ requires the Judicial Council to publish a list of the current dollar amounts of exemptions from judgment. The council publishes and maintains such a list on *Current Dollar Amounts of Exemptions From Enforcement of Judgments* (form EJ-156). This form lists the amounts of exemptions under section 703.140(b), which may be elected in a case under title 11 of the United States Code (bankruptcy), and under section 704.010 et seq., which are general exemptions under California law. The form also specifies the effective date of the dollar amounts for the exemptions.

One of the general exemptions from judgment is money in a judgment debtor's deposit account "in an amount equal to or less than the minimum basic standard of adequate care for a family of four," which is annually adjusted by the State Department of Social Services. (§ 704.220(a).) On May 31, 2024, the California Department of Social Services published the adjusted amount, which becomes effective July 1, 2024.² Specifically, the amount of the exemption in a judgment debtor's deposit account would increase from \$2,080 to \$2,170.

Recent statutory changes in Senate Bill 1099 (Stats. 2022, ch. 716)³ also necessitate other revisions to form EJ-156. Specifically, SB 1099 set the exemption amounts for the debtor's interest in a motor vehicle at \$7,500 for both bankruptcy cases and other cases. (§§ 703.140(b)(2) & 704.010.) Additionally, the legislation provides that up to \$7,500 is exempt from judgment for vacation credits or accrued or unused vacation pay, sick leave, or family leave.⁴ (§ 704.113.) The

¹ All further citations are to the Code of Civil Procedure unless otherwise specified.

² Cal. Health & Human Services Agency, All County Letter 24-37, *Cost of Living Adjustment Increase to the Minimum Basic Standard of Adequate Care and Income In-Kind Levels for California Work Opportunity and Responsibility to Kids, Refugee Cash Assistance, Entrant Cash Assistance, and the Trafficking and Crimes Victim Assistance Program* (May 31, 2024), <https://cdss.ca.gov/Portals/9/Additional-Resources/Letters-and-Notices/ACLs/2024/24-37.pdf?ver=2024-06-03-170232-890>.

³ SB 1099 is available at https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB1099. The statute took effect January 1, 2023.

⁴ "Vacation credits" of state employees were exempt before the enactment of SB 1099. Because this type of exempt property did not include an amount, the exemption has not previously been listed on form EJ-156.

The exemption, however, is listed on *Exemptions From the Enforcement of Judgments* (form EJ-155), which includes exemptions without amounts under both California and federal law with the corresponding code section. (The bankruptcy exemptions in section 703.140 are not included on the form.) Revisions to form EJ-155 to implement the expanded vacation credit exemption will be considered in a separate proposal because such revisions will require the exemption to be recategorized and summarized.

amount of \$7,500 is also exempt in bankruptcy cases, but wages are included in addition to vacation credits, vacation pay, sick leave, and family leave. (§ 703.140(b)(10)(F).) These updated amounts and exemptions are included on proposed revised form EJ-156 (attached).

Finally, the language on the form concerning effective dates for the exemption amounts needs to be updated because the four exemptions amended in SB 1099 are effective January 1, 2023, while all the other exemption amounts are effective either April 1, 2022, or July 1, 2024. Accordingly, the recommended revised form includes the April 1, 2022, and July 1, 2024, effective dates preceded by the caveat, “unless otherwise provided by statute.”⁵

Policy implications

There are no policy implications to this action, which is required by statute.

Comments

Public comments were not solicited for this proposal because the Rules Committee determined that the recommendations are within the Judicial Council’s purview to adopt without circulation. (See Cal. Rules of Court, rule 10.22(d)(2).)

Alternatives considered

No alternatives to publishing adjusted dollar amounts were considered in light of the statutory mandate that the council publish a list of the current dollar amounts of exemptions to judgment.

Fiscal and Operational Impacts

The impacts on the trial courts should be minimal. Form EJ-156 is informational only and is not filed with or completed by the courts.

Attachments and Links

1. Form EJ-156, at pages 4–5
2. Link A: Sen. Bill 1099 (Stats. 2022, ch. 716),
https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220SB1099

⁵ This qualifying language already existed on the form but applied only to the next date for adjustment based on the change in the California Consumer Price Index. The sentence has been reworked to apply that language to both the effective date and the date of the next adjustment.

CURRENT DOLLAR AMOUNTS OF EXEMPTIONS FROM ENFORCEMENT OF JUDGMENTS

DRAFT
6/4/2024

Code of Civil Procedure sections 703.140(b) and 704.010 et seq.

Not approved by
the Judicial Council

EXEMPTIONS UNDER SECTION 703.140(b)

The following lists the current dollar amounts of exemptions from enforcement of judgment under Code of Civil Procedure section 703.140(b) used in a case under title 11 of the United States Code (bankruptcy).

Unless otherwise provided by statute, these amounts are effective April 1, 2022 and will be adjusted at each three-year interval, ending on March 31. The amount of the adjustment to the prior amounts is based on the change in the annual California Consumer Price Index for All Urban Consumers for the most recent three-year period ending on the preceding December 31, with each adjusted amount rounded to the nearest \$25. (See Code Civ. Proc., § 703.150(e).)

<u>Code Civ. Proc., § 703.140(b)</u>	<u>Type of Property</u>	<u>Amount of Exemption</u>
(1)	The debtor's aggregate interest in real property or personal property that the debtor or a dependent of the debtor uses as a residence, or in a cooperative that owns property that the debtor or a dependent of the debtor uses as a residence	\$ 31,950
(2)	The debtor's interest in one or more motor vehicles	\$ 7,500
(3)	The debtor's interest in household furnishings, household goods, wearing apparel, appliances, books, animals, crops, or musical instruments, that are held primarily for the personal, family, or household use of the debtor or a dependent of the debtor (value is of any particular item)	\$ 800
(4)	The debtor's aggregate interest in jewelry held primarily for the personal, family, or household use of the debtor or a dependent of the debtor	\$ 1,900
(5)	The debtor's aggregate interest, plus any unused amount of the exemption provided under paragraph (1), in any property	\$ 1,700
(6)	The debtor's aggregate interest in any implements, professional books, or tools of the trade of the debtor or the trade of a dependent of the debtor	\$ 9,525
(8)	The debtor's aggregate interest in any accrued dividend or interest under, or loan value of, any unmaturing life insurance contract owned by the debtor under which the insured is the debtor or an individual of whom the debtor is a dependent	\$ 17,075
(10)(F)	The debtor's aggregate interest in vacation credits or accrued, or unused, vacation pay, sick leave, family leave, or wages, as defined in Section 200 of the Labor Code	\$ 7,500
(11)(E)	The debtor's right to receive, or property traceable to, a payment on account of personal bodily injury of the debtor or an individual of whom the debtor is a dependent	\$ 31,950

CURRENT DOLLAR AMOUNTS OF EXEMPTIONS FROM ENFORCEMENT OF JUDGMENTS
Code of Civil Procedure sections 703.140(b) and 704.010 et seq.

EXEMPTIONS UNDER SECTION 704.010 et seq.

The following lists the current dollar amounts of exemptions from enforcement of judgment under title 9, division 2, chapter 4, article 3 (commencing with section 704.010) of the Code of Civil Procedure.

The amount of the automatic exemption for a deposit account under section 704.220(a) is effective July 1, 2024, and unless otherwise provided by statute after that date, will be adjusted annually, effective July 1, by the Department of Social Services under Welfare and Institutions Code section 11453 to reflect the minimum basic standard of care for a family of four as established by § 11452.*

Unless otherwise provided by statute, the other amounts are all effective April 1, 2022 and will be adjusted at each three-year interval, ending on March 31. The amount of the adjustment to the prior amounts is based on the change in the annual California Consumer Price Index for All Urban Consumers for the most recent three-year period ending on the preceding December 31, with each adjusted amount rounded to the nearest \$25. (See Code Civ. Proc., § 703.150(e).)

<u>Code Civ. Proc. Section</u>	<u>Type of Property</u>	<u>Amount of Exemption</u>
704.010	Motor vehicle (any combination of aggregate equity, proceeds of execution sale, and proceeds of insurance or other indemnification for loss, damage, or destruction)	\$ 7,500
704.030	Material to be applied to repair or maintenance of residence	\$ 3,825
704.040	Jewelry, heirlooms, art	\$ 9,525
704.060	Personal property used in debtor's or debtor's spouse's trade, business, or profession (amount of exemption for commercial motor vehicle not to exceed \$4,850)	\$ 9,525
704.060	Personal property used in debtor's and spouse's common trade, business, or profession (amount of exemption for commercial motor vehicle not to exceed \$9,700)	\$ 19,050
704.220	Deposit account, generally (exemption without claim; amount per judgment debtor, section 704.220(a),(e)) ¹	\$ 2,170*
704.080	Deposit account with direct payment of social security or public benefits (exemption without claim, section 704.080(b)) ²	
	• Public benefits, one depositor is designated payee	\$ 1,900
	• Social security benefits, one depositor is designated payee	\$ 3,825
	• Public benefits, two or more depositors are designated payees ³	\$ 2,825
	• Social security benefits, two or more depositors are designated payees ³	\$ 5,725
704.090	Inmate trust account	\$ 1,900
	Inmate trust account (restitution fine or order)	\$ 325 ⁴
704.100	Aggregate loan value of unmaturred life insurance policies	\$ 15,250
704.113	The aggregate interest in vacation credits or accrued, or unused, vacation pay, sick leave, or family leave	\$ 7,500

¹ This exemption does not preclude or reduce other exemptions for deposit accounts. However, if the exemption amount for the deposit account applicable under other automatic exemptions—such as those applicable for direct deposit of social security benefits or public benefits—is greater under the other exemptions, then those apply instead of this one. (Code Civ. Proc., § 704.220(b).)

² The amount of a deposit account with direct deposited funds that exceeds exemption amounts shown is also exempt to the extent it consists of payments of public benefits or social security benefits. (Code Civ. Proc., § 704.080(c).)

³ If only one joint payee is a beneficiary of the payment, the exemption is in the amount available to a single designated payee. (Code Civ. Proc., § 704.080(b)(3) and (4).)

⁴ This amount is not subject to adjustments under Code Civ. Proc., § 703.150.