

CCPA-1

February 6, 1969

This is in further reference to your letter of November 6, 1968, concerning the application of the provisions of Title III, Restriction of Garnishment, of the Consumer Credit Protection Act, which becomes effective on July 1, 1970.

The Secretary of Labor has not as yet promulgated any regulation relating to the application of this Title. Any definitive response must await the issuance of such regulations. However, the following discussion should prove helpful.

The restriction on garnishment provided in section 303 of this Title may apply to the wages of a worker whose employer is engaged solely in intrastate commerce. The Congressional findings and purposes stated in section 301 make it clear that the provisions of Title III rest not only on the Commerce Clause but on the Federal bankruptcy powers as well. You may be interested in the legislative history of the act which is referred to on page 22 of the enclosed copy of Public Law 90-321.

The meaning of section 303(a)(2) may best be understood by illustrating the application of section 303(a) in general. The following rules would be generally applicable in applying the restriction on garnishment provisions of section 303(a).

(a) An employee's earnings may not be garnished in any amount where his disposable earnings in a particular workweek are \$48 or less.

(b) In any workweek in which an employee's disposable earnings are more than \$48 but not more than \$64, the restriction on garnishment provided in section 303(a)(2) will apply. For the purposes of section 303(a)(2), the minimum hourly wage prescribed by section 6(a)(1) of the Fair Labor Standards Act is \$1.60 an hour, effective February 1, 1968.

(c) In any workweek in which an employee's disposable earnings are more than \$64, the restriction on garnishment provided in section 303(a)(1) will apply.

The following examples illustrate the rules stated in (b) and (c) above:

(b) Disposable earnings = \$60

Section 303(a)(1)	Section 303(a)(2)
\$60	\$60
<u>x.25</u>	<u>-48</u> (30 x \$1.60 m.w.)
\$15 (subject to garnishment)	\$12 (subject to garnishment)

Since the amount of the employee's earnings which would be subject to garnishment is less under the provisions of section 303(a)(2), that section will control as to the restriction on garnishment

in this particular workweek. Therefore, not more than \$12 of the employee's disposable earnings may be subjected to garnishment in this workweek.

(c) Disposable earnings = \$90

Section 303(a)(1)	Section 303(a)(2)
\$90	\$90
<u>x.25</u>	<u>-48</u> (30 x \$1.60 m.w.)
\$22.50 (subject to garnishment)	\$42 (subject to garnishment)

Since the amount of the employee's earnings which would be subject to garnishment is less under the provisions of section 303(a)(1), that section will control as to the restriction on garnishment in this particular workweek. Therefore, not more than \$22.50 of the employee's disposable earnings may be subjected to garnishment in this workweek.

No action has been taken under section 305 of Title III with respect to exemption from the provisions of section 303(a) of garnishments issued under the laws of the State which the Secretary of Labor determines provide restrictions on garnishment which are substantially similar to those provided in section 303(a).

Your name has been placed on our mailing list to receive a copy of the regulations as soon as they are published.

Sincerely,

Ben P. Robertson
Acting Administrator