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## *Detailed Fiscal Analysis*

### *Overview*

The bill: (1) generally increases the values of certain types of property interest already exempt in current law from execution, garnishment, attachment, or sale to satisfy a judgment or order to reflect the higher exemptions under federal bankruptcy law, and (2) requires periodic adjustment of those maximum exemption amounts. As a result, debtors would be permitted to retain a larger portion of certain types of property, and creditors as a group would presumably be awarded a smaller aggregate amount to be distributed or divided as appropriate.

### *State fiscal effects*

LSC fiscal staff's research suggests that the bill will have no readily apparent direct effect on the amount of moneys that the state would otherwise have collected or expended annually.

### *Local fiscal effects*

To the extent that the bill directly affects the state's political subdivisions, it appears most likely to be in the courts of common pleas, municipal courts, and county courts that adjudicate, as part of their subject matter jurisdiction, civil actions filed by a private plaintiff (creditor) against a private defendant (debtor) seeking a judgment or order for the payment of amounts owed the plaintiff. It does not appear that governmental entities would generally or typically be seeking moneys or debts a private party owes the jurisdiction through the pursuit of such civil actions.

If, pursuant to the bill, certain property exemption amounts are increased, a mix of the following effects on private creditors and the filing of civil actions seem plausible.

- Certain creditors, in advance of periodic increases in the maximum exemption amounts, may file a civil action more promptly than might otherwise have been the case in order to maximize the amount subject to a judgment or order.
- Certain creditors may decide, based on a cost-benefit calculus, not to file a civil action in certain situations, as the expenses of doing so are viewed as exceeding the potential gain in moneys awarded.
- Certain creditors will continue to file civil actions in an effort to recover moneys owed irrespective of the property exemption amounts.

LSC fiscal staff's research, however, suggests that these effects will have no significant impact on the nature and magnitude of the civil caseloads, and related annual operating costs, of courts of common pleas, municipal courts, and county courts.

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