

March 8, 2021

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Chuck Schumer  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Re: Immediate action need to protect economic impact payments from assignment or garnishment

Dear Speaker Pelosi, Majority Leader Schumer, Minority Leader McCarthy and Minority Leader McConnell:

The undersigned consumer and banking industry organizations again write to urge Congress to protect the third round of economic impact payments in the American Rescue Plan Act of 2021 from assignment and garnishment. The attached language mirrors the language in the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 that applied to the second round of economic impact payments and should be passed as a standalone bill. Our organizations have worked together to address this issue, and we strongly support adoption of such a bill.

The second economic impact payments paid pursuant to the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 were exempt from garnishment. In addition, prior to passage of that statute, in July 2020, the Senate unanimously approved S.3841 (Grassley/Wyden), which would have protected the Coronavirus Aid, Relief, and Economic Security Act or CARES Act 2020 from assignment and garnishment.

However, this third round is not exempt, a result we understand was due to limits associated with the budget reconciliation process and application of the Byrd rule. Unless this issue is addressed, the second and third EIPs will be treated inconsistently—those in the second round exempt but those in the third round not exempt.

The economic impact payments are intended to help families purchase food and other necessities to make ends meet. Many people were already struggling prior to the coronavirus crisis and millions have now been laid off or had their hours cut. As explained in our February 23, 2021 letter, allowing economic impact payments to be garnished could impose significant burdens on some families, especially those in communities of color, facing unprecedented circumstances.

While depository institutions and even many debt collectors and buyers believe that economic impact payments should be exempt from garnishment orders, depository institutions are obligated to comply with court orders, and unless Congress immediately passes the attached language in a standalone bill, they will be forced to pay some creditors who attempt to garnish and freeze bank accounts.

We believe it is imperative that Congress ensure that these next stimulus payments are treated as “benefits” subject to the federal exemption from garnishment. Otherwise, the families that most need this money—those struggling with debt and whose entire bank accounts may be frozen by garnishment orders—will be not be able to access their funds. This group includes very low-income families with children, people who have been disconnected from work opportunities for a long period, and many low-income adults now raising children in their homes.

For these reasons, we urge Congress to quickly pass standalone legislation addressing garnishment to ensure that American families will receive these benefits as intended to fulfill our common goal of protecting these payments from garnishment within the practical realities of existing financial institution systems.

Thank you for your efforts to protect American families during this emergency.

Sincerely,

American Bankers Association  
Americans for Financial Reform  
Bank Policy Institute  
Center for Responsible Lending  
Consumer Action  
Consumer Bankers Association  
Community Development Bankers Association  
Consumer Federation of America  
Consumer Reports  
Credit Union National Association  
Independent Community Bankers of America  
Nacha  
National Association of Consumer Advocates  
National Association of Federally-Insured Credit Unions  
National Bankers Association  
National Consumer Law Center (on behalf of its low income clients)  
Public Citizen  
The Clearing House  
U.S. PIRG

cc: Members of the U.S. House of Representatives  
Members of the United States Senate