

February 23, 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: American Rescue Plan Act of 2021: Protecting 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 write to express our strong support to insert language into the American Rescue Plan Act of 2021 to protect the next round of economic impact payments in that bill 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. Our organizations have worked together to address this issue, and we strongly support the inclusion of the attached language to the American Rescue Plan Act of 2021.

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.

The first economic impact payments distributed pursuant to the Coronavirus Aid, Relief, and Economic Security Act or CARES Act were not exempt from court-ordered garnishments to pay creditors, imposing significant burdens on some families, especially those in communities of color, facing unprecedented circumstances. Recognizing this burden, Congress exempted from garnishment the second economic impact payments paid pursuant to the Coronavirus Response and Relief Supplemental Appropriations Act of 2021. In addition, prior to passage of that statute, in July 2020, the Senate unanimously approved S.3841, which would have protected the CARES Act 2020 from assignment and garnishment. However, the garnishment language is notably absent from the American Rescue Plan Act of 2021, which authorizes a third round of economic impact payments.

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 includes the attached language, 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 the House Budget Committee to re-insert the garnishment language of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 into the American Rescue Plan Act of 2021, and 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  
Credit Union National Association  
Independent Community Bankers of America  
Nacha  
National Association of Consumer Advocates  
National Association of Federally-Insured Credit Union  
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