

Chapter 603

(House Bill 837)

AN ACT concerning

Courts – Exemption from Execution – Exception for Child Support Arrearage

FOR the purpose of creating a certain exception to an exemption from execution on a judgment by establishing that a certain percentage of ~~money payable in the event of sickness, accident, injury, or death of a person is subject to garnishment for payment of~~ the net recovery by a debtor on a claim for personal injury is subject to execution on a judgment for a child support arrearage; defining “net recovery”; and generally relating to an exception to an exemption from execution for a child support arrearage.

BY repealing and reenacting, with amendments,
 Article – Courts and Judicial Proceedings
 Section 11–504(b)(2)
 Annotated Code of Maryland
 (2006 Replacement Volume and 2010 Supplement)

BY adding to
 Article – Courts and Judicial Proceedings
 Section 11–504(i)
 Annotated Code of Maryland
 (2006 Replacement Volume and 2010 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Courts and Judicial Proceedings

11–504.

(b) The following items are exempt from execution on a judgment:

(2) [Money] **EXCEPT AS PROVIDED IN SUBSECTION (I) OF THIS SECTION, MONEY** payable in the event of sickness, accident, injury, or death of any person, including compensation for loss of future earnings. This exemption includes but is not limited to money payable on account of judgments, arbitrations, compromises, insurance, benefits, compensation, and relief. Disability income benefits are not exempt if the judgment is for necessities contracted for after the disability is incurred.

~~(1) TWENTY FIVE PERCENT OF MONEY DESCRIBED IN SUBSECTION (B)(2) OF THIS SECTION IS SUBJECT TO GARNISHMENT FOR PAYMENT OF A CHILD SUPPORT ARREARAGE.~~

(1) (1) IN THIS SUBSECTION, “NET RECOVERY” MEANS THE SUM OF MONEY TO BE DISTRIBUTED TO THE DEBTOR AFTER DEDUCTION OF ATTORNEY’S FEES, EXPENSES, MEDICAL BILLS, AND SATISFACTION OF ANY LIENS OR SUBROGATION CLAIMS ARISING OUT OF THE CLAIMS FOR PERSONAL INJURY, INCLUDING THOSE ARISING UNDER:

(I) THE MEDICARE SECONDARY PAYER ACT, 42 U.S.C. § 1395Y;

(II) A PROGRAM OF THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE FOR WHICH A RIGHT OF SUBROGATION EXISTS UNDER §§ 15-120 AND 15-121.1 OF THE HEALTH – GENERAL ARTICLE;

(III) AN EMPLOYEE BENEFIT PLAN SUBJECT TO THE FEDERAL EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974; OR

(IV) A HEALTH INSURANCE CONTRACT.

(2) TWENTY-FIVE PERCENT OF THE NET RECOVERY BY THE DEBTOR ON A CLAIM FOR PERSONAL INJURY IS SUBJECT TO EXECUTION ON A JUDGMENT FOR A CHILD SUPPORT ARREARAGE.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2011.

Approved by the Governor, May 19, 2011.