



*Small business owners. Small business values.*

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July 1, 2016

The Honorable Elijah Cummings  
2235 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Jeff Merkley  
313 Hart Senate Office Building  
Washington, D.C., 20510

Dear Representative Cummings and Senator Merkley:

On behalf of the Main Street Alliance, a national network of state-based small business coalitions, I am writing to express enthusiastic support for the Wage and Garnishment Equity (WAGE) Act, a bill that would help alleviate the burden on small businesses in complying with wage garnishment orders.

Upon receiving a wage garnishment order, an employer is legally required to withhold an employee's earnings in order to pay a debt to a creditor. The process does not take into account the constraints of small business owners. Compliance often entails multiple steps, including determining the legitimacy of the claim, establishing the routing procedures for court orders, and tracking down the correct address of the creditors. Wage garnishment is often expected to begin by the next pay period, if not sooner. For small business owners, who frequently do not have H.R. Departments or a payroll service firms, this can be a complex, costly, and burdensome process, particularly if an employee has more than one debt or multiple employees have wage garnishment orders.

Furthermore, if a business does not follow correct procedures when garnishing wages, the business could be legally liable and sued for failing to comply. Employers could be forced to cover the costs of the ungarnished wages and court fees. These conditions apply, even in cases where the business owner was never notified in writing about the wage garnishment order. Consequently, small business owners are often forced to divert valuable time and resources away from running their business to ensuring compliance with labyrinthine wage garnishment procedures or face steep financial penalties.

The WAGE Act addresses these issues in three ways. First, it gives small businesses at least 15 days after receiving a court order to begin wage garnishment procedures. Second, the bill shields small businesses from liability. If a business does not respond to a wage garnishment order, a second notice must be outlined, detailing the steps involved, before the business can be held liable for non-compliance. Finally, the bill improves the economic security of employees, boosting their productivity. To date, a quarter of an employee's earnings and the entire share of their bank deposits are seizable. Under the WAGE Act, a larger portion of their

earnings and deposits would be shielded from wage garnishment, ensuring that the employees are not locked into a cycle of endless debt collection.

The Main Street Alliance commends Representative Cummings and Senator Warren for their leadership on this important issue. We look forward to continuing our work together to ensure that small businesses, their employees, and their communities have the resources needed to help keep the economy thriving.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Ballantyne', with a stylized, flowing script.

Amanda Ballantyne  
National Director  
Main Street Alliance