

DEPARTMENT OF TAXATION

2026 Fiscal Impact Statement

1. **Patron** Phil M. Hernandez

3. **Committee** Senate Courts of Justice

4. **Title** Wage garnishments; treasurers' liens for unpaid taxes and charges

2. **Bill Number** HB 1100

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 X **In Committee**

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would limit a treasurer's lien issued with respect to wages or salary to 25 percent of the disposable earnings in a single pay period. The bill would provide that the 25 percent limitation would not apply (i) if the lien issuer determines that the adjusted gross income of the delinquent taxpayer exceeds 250 percent of the poverty guideline amount adjusted for household size, (ii) if the treasurer determines that the delinquent taxpayer or property is no longer in the jurisdiction, may flee or attempt to flee the jurisdiction, or is improperly disposing of assets with the intent to hinder or delay the collection of the delinquent obligations, or (iii) to any portion of the delinquent obligation collected by the delinquent taxpayer and held in trust to remit to the local governing authority.

The bill would also provide that the maximum part of the aggregate disposable earnings of an individual for any workweek that is subjected to a lien may not exceed the amount by which his disposable earnings for that week exceed 40 times the Virginia minimum hourly wage.

If enacted during the regular session of the 2026 General Assembly, this bill would become effective July 1, 2026.

6. **Budget amendment necessary:** No.

7. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

8. **Fiscal implications:**

Administrative Costs

This bill would have an unknown impact on local administrative costs.

This bill would have no impact on state administrative costs.

Revenue Impact

This bill would have an unknown impact on local revenues.

This bill would have no impact on state revenues.

9. Specific agency or political subdivisions affected:

All localities

10. Technical amendment necessary: No.

11. Other comments:

Collection by Treasurers

Under current law, the treasurer or other tax collector of any locality may apply in writing to any person indebted to or having in his hands estate of a taxpayer or other debtor for payment of taxes, or other charges collected by the treasurer, more than thirty days delinquent out of such debt or estate. Payment by such person of such taxes, penalties and interest, or other charges either in whole or in part, entitles him to a credit against such debt or estate. The taxes, penalties and interest, or other charges shall constitute a lien on the debt or estate due the taxpayer or other debtor from the time the application is received.

If the person applied to does not pay so much as ought to be recovered out of the debt or estate, the treasurer or collector must procure a summons directing such person to appear before the appropriate court, where proper payment may be enforced.

Proposal

This bill would limit a treasurer's lien issued with respect to wages or salary to 25 percent of the disposable earnings in a single pay period. The bill would provide that the 25 percent limitation would not apply (i) if the lien issuer determines that the adjusted gross income of the delinquent taxpayer exceeds 250 percent of the poverty guideline amount adjusted for household size, (ii) if the treasurer determines that the delinquent taxpayer or property is no longer in the jurisdiction, may flee or attempt to flee the jurisdiction, or is improperly disposing of assets with the intent to hinder or delay the collection of the delinquent obligations, or (iii) to any portion of the delinquent obligation collected by the delinquent taxpayer and held in trust to remit to the local governing authority.

The bill would also provide that the maximum part of the aggregate disposable earnings of an individual for any workweek that is subjected to a lien may not exceed the amount by which his disposable earnings for that week exceed 40 times the Virginia minimum hourly wage.

The bill would define "disposable earnings" as that part of the earnings of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld.

The bill would define "earnings" as compensation paid or payable for personal services, whether denominated as wages, salary, commission, bonus, payments to an independent contractor, or otherwise, and whether paid directly to the individual or deposited with another entity or person on behalf of and traceable to the individual, and includes periodic payments pursuant to a pension or retirement program.

If enacted during the regular session of the 2026 General Assembly, this bill would become effective July 1, 2026.

Similar Legislation

Senate Bill 597 is substantially similar to this bill.

House Bill 488 would provide that, effective July 1, 2027, the maximum part of the aggregate disposable earnings of an individual for any workweek that is subject to garnishment to collect delinquent taxes and charges owed to the state government shall not exceed the lesser of (i) 25 percent of such individual's disposable earnings for that week, or (ii) the amount by which such individual's disposable earnings exceed 40 times the federal or Virginia minimum wage, whichever is greater. The bill would also require the Department to recognize Currently Not Collectible (CNC) status granted by the Internal Revenue Service and offer taxpayers with federal CNC status a similar Virginia status that provides individual income taxpayers comparable protections from collection activities. The Department would also be required to develop guidelines establishing procedures for applying for such status.

cc : Secretary of Finance

Date: 02/17/2026 KS
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