

SENATE No. 2559

Senate, July 17, 2025 -- Text of the Senate Bill relative to fairness in debt collection (Senate, No. 2559) (being the text of Senate, No. 2551, printed as amended).

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act relative to fairness in debt collection.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The General Laws are hereby amended by inserting after chapter 93L the
2 following chapter:-

3 CHAPTER 93M.

4 DEBT COLLECTION FAIRNESS ACT.

5 Section 1. As used in this chapter, the following words shall have the following meanings
6 unless the context clearly requires otherwise:

7 “Charge-off”, a declaration by a creditor that a delinquent consumer loan, consumer
8 credit account or other consumer debt has been removed from a creditor’s books as an asset and
9 treated as a loss or expense.

10 “Consumer”, a natural person.

11 “Consumer debt”, an obligation or alleged obligation of a consumer to pay money arising
12 out of a transaction in which the money, property, insurance or services that are the subject of the
13 transaction are primarily for personal, family or household purposes, whether or not the
14 obligation has been reduced to judgment; provided, however, that “consumer debt” shall not
15 include a common expense or charge levied under chapters 183A or 183B, an obligation or
16 alleged obligation to pay common expenses or charges levied pursuant to a covenant or
17 agreement running with the land or a residential mortgage loan.

18 “Consumer form contract”, a contract in writing between a business and a consumer
19 involving goods or services, including, but not limited to, credit or financial services, primarily
20 for personal, family or household purposes, that has been drafted by the business for use with
21 more than 1 consumer, unless the only other consumer is the spouse of the first consumer.

22 “Creditor”, a person or entity to whom a debt is owed, including a judgment creditor and
23 any other person or entity that obtains an execution on a debt; provided, however, that “creditor”
24 shall not include an organization of unit owners as defined in section 1 of chapter 183A, a time-
25 share association under chapter 183B or a homeowner association or entity to whom debt is
26 owed pursuant to a covenant or agreement running with the land.

27 “Debt buyer”, a person or entity that is engaged in the business of purchasing delinquent
28 or charged-off consumer loans, consumer credit accounts or other delinquent consumer debt for
29 collection purposes, whether the person or entity collects the debt itself or hires a third party for
30 collection or an attorney for litigation in order to collect the debt.

31 “Debt collector”, a person or entity that uses an instrumentality of interstate commerce or
32 the mails in any business the principal purpose of which is the collection of a debt, or who

33 regularly collects or attempts to collect, directly or indirectly, a debt owed or due or asserted to
34 be owed or due another.

35 “Earnings”, gross compensation paid or payable for personal services, whether
36 denominated as wages, salary, commission, bonus, payment for skilled, personal or professional
37 services or otherwise, and whether earned as an employee or independent contractor.

38 “Execution”, an attachment, levy, garnishment or other disablement, freeze or seizure of
39 property, whether pre-judgment or post-judgment, to satisfy a debt or a creditor’s exercise of a
40 right of setoff to collect a debt; provided, however, that "execution" shall not include self-help
41 repossession of collateral.

42 “Exempt”, not subject to execution, levy, attachment, garnishment, setoff, self-help,
43 disablement, freeze, seizure or other form of process, court order, creditor or other action for
44 debt collection or restitution or other equitable claim unless otherwise specified.

45 “Garnishment”, a legal or equitable procedure through which the earnings, property or
46 funds of a person are required by a court of competent jurisdiction to be withheld by another
47 entity for payment of a debt to a creditor.

48 “Residential mortgage loan”, a loan primarily for personal, family or household use that
49 is secured by a mortgage, deed of trust or other equivalent consensual security interest on a
50 dwelling as defined in 15 U.S.C. section 1602(w) or residential real estate upon which is
51 constructed or intended to be constructed a dwelling as so defined.

52 “Trustee”, a trustee served pursuant to chapter 246.

53 Section 2. (a) Notwithstanding section 34 of chapter 235, if a consumer's earnings are
54 attached to satisfy a judgment for collection of a consumer debt, wages equal to the greater of 90
55 per cent of the debtor's gross weekly wages or 65 times the greater of the federal minimum
56 hourly wage under 29 U.S.C. section 206(a)(1) or the state minimum hourly wage under section
57 1 of chapter 151 in effect at the time of attachment shall be exempt from the attachment and not
58 subject to garnishment. This exemption shall be adjusted pro rata for a pay period that is more
59 than weekly.

60 (b) Notwithstanding subsection (a), a consumer debtor subject to a judgment for
61 collection of a consumer debt may seek to exempt additional wages from attachment by filing a
62 form making a claim of undue financial hardship with the court. Such form shall be prepared by
63 the court to allow a consumer debtor to readily identify the basis for the consumer debtor's
64 request for an additional exemption under this subsection. Upon the filing of the financial
65 hardship form, the court shall hold a hearing as soon as practicable to determine the total amount
66 that shall be exempted from the judgment debtors' wages.

67 (c) If more than 1 order of attachment for a consumer debt is served on a trustee with
68 respect to the same consumer, the order of attachment served the earliest shall take priority. If an
69 order of attachment with greater priority consumes the entirety of the earnings that is available
70 for garnishment under the preceding subsections, the consumer's earnings shall not be garnished
71 pursuant to the order of attachment with lower priority.

72 (d) The protections for earnings under this section apply to consumers whose physical
73 place of employment is in the commonwealth; provided, however, that such protections shall

74 continue to apply even if such consumer's employer has corporate offices or other places of
75 business located outside the commonwealth.

76 (e) This section shall not apply in a proceeding to attach earnings or a pension to satisfy a
77 divorce, separate maintenance or child support order of a court of competent jurisdiction and, in
78 such a proceeding, including an action for trustee process to enforce a support order under
79 section 36A of chapter 208, federal law limiting the amounts that may be trustee, assigned or
80 attached in order to satisfy an alimony, maintenance or child support order shall apply.

81 (f) Except as otherwise permitted by law, an amount held by a trustee for a defendant in a
82 pension, as defined in section 28 of chapter 246, shall be reserved in the hands of the trustee and
83 shall be exempt from attachment to satisfy a judgment for collection of a consumer debt.

84 (g) An employer shall not take adverse employment action against an employee or refuse
85 to hire an individual because of 1 or more garnishments for consumer debts or because of
86 obligations that any garnishments impose against the employer. An employer who violates this
87 section shall be liable in a civil action, action for contempt or other appropriate proceeding to the
88 employee or individual for the wages and employment benefits lost by the employee or
89 individual from the time of the adverse employment action or refusal to hire to the period of
90 reinstatement and an additional penalty of not more than \$1,000.

91 (h) Income from child support payments shall be exempt from collection under this
92 chapter.

93 Section 3. (a) Notwithstanding section 2 of chapter 260, an action for the collection of a
94 consumer debt shall be commenced not more than 5 years after the cause of action accrues.
95 Notwithstanding any applicable statute of limitations of the commonwealth or other jurisdiction,

96 said limitations period shall apply to a claim for a consumer debt, whether the claim sounds in
97 contract, account stated, open account, contract or instrument under seal or other basis.

98 (b) Notwithstanding section 14 of chapter 260, a payment on a consumer debt that is
99 made after the limitations period under subsection (a) has expired shall not revive the limitations
100 period or bar the consumer from asserting a defense to the collection of a consumer debt;
101 provided, however, that a payment on a consumer debt that is made during the limitations period
102 under subsection (a) shall not extend the limitations period or bar the consumer from asserting a
103 defense to the collection of a consumer debt.

104 (c) No creditor, debt buyer or debt collector shall bring a suit or initiate an arbitration or
105 other legal proceeding to collect a consumer debt if the applicable limitations period under
106 subsection (a) has expired.

107 (d) A waiver by a consumer of a protection or right under this section shall be void and
108 unenforceable.

109 (e) Notwithstanding section 20 of chapter 260 or any other general or special law to the
110 contrary, an action for the collection of a consumer debt arising from a judgment or decree,
111 including an execution upon or trustee process based on said judgment or decree and other
112 activity to collect on the judgment, shall be commenced not more than 10 years after the entry of
113 said judgment or decree. If such an action has commenced within 10 years, said judgment or
114 decree may be renewed one time for 10 years. A judgment or decree shall not be revived or
115 renewed after the limitations period under this subsection has expired.

116 Section 4. (a) A plaintiff who has obtained a judgment on a claim for the collection of a
117 consumer debt shall provide written notice to the consumer debtor not less than 30 days prior to

118 a supplementary process in a civil action for the examination of said consumer debtor pursuant to
119 section 14 of chapter 224 or a payment hearing in a small claims action pursuant to the trial
120 court's Uniform Small Claims Rules 7A and 7B. Such notice shall inform the consumer debtor
121 of the opportunity to submit a financial affidavit in a form prescribed by the court and signed
122 under the penalties of perjury. If the consumer debtor indicates through the financial affidavit
123 that all income and assets are exempt from collection and files the affidavit as prescribed by the
124 court, the court shall acknowledge receipt and inform both parties that the supplementary process
125 or payment hearing shall not occur. Upon filing of said affidavit, no further supplementary
126 proceedings or payment review hearings shall be scheduled unless the judgment creditor presents
127 evidence of the judgment debtor's non-exempt assets or income and the court determines that
128 there is a reasonable basis to believe that there are non-exempt assets or income warranting the
129 scheduling of a new supplementary process or payment hearing.

130 (b) Notwithstanding sections 18 and 20 of chapter 224 or any other applicable law, rule,
131 or regulation to the contrary, no capias or other warrant to compel the attendance of an alleged
132 consumer debtor shall be issued for failure of the alleged consumer debtor to appear at a
133 supplementary process in a civil action for an examination pursuant to section 14 of said chapter
134 224 or a payment hearing in a small claims action pursuant to the trial court's Uniform Small
135 Claims Rules 7A and 7B. If the alleged consumer debtor fails to appear, the court shall schedule
136 a show cause hearing to determine whether a capias or other warrant to compel the attendance of
137 the alleged consumer debtor should be issued. No capias or other warrant shall be issued to
138 compel the attendance of the alleged consumer debtor at a show cause hearing without evidence
139 that notice of said hearing was served on the consumer either by signed return receipt or by a
140 sworn return of service.

141 (c) Notwithstanding sections 18 and 20 of chapter 224 or any other applicable law, rule or
142 regulation to the contrary, an alleged consumer debtor that is compelled to attend pursuant to a
143 capias or other warrant shall be brought before the court the same day. The consumer shall be
144 given the opportunity to complete the financial affidavit described in subsection (a). The capias
145 or other warrant shall be satisfied by the consumer's appearance in court or completion of the
146 financial affidavit indicating that all forms of income and assets are exempt.

147 (d) Notwithstanding sections 18 and 20 of chapter 224 or any other applicable law, rule
148 or regulation to the contrary, no person shall be imprisoned or jailed for failure to pay a
149 consumer debt, nor shall a person be imprisoned or jailed for contempt of or failure to comply
150 with a court order to pay a consumer debt in part or in full.

151 Section 5. (a) Except as provided in subsection (b), if a plaintiff prevails in an action to
152 collect a consumer debt, interest computed pursuant to section 6C of chapter 231 or section 8
153 chapter 235 shall be limited to a fixed rate of interest of 12 per cent per annum.

154 (b) For actions to collect a consumer debt and applications for renewal of judgment,
155 interest shall be limited to a fixed rate of 3 per cent per annum.

156 (c) If the plaintiff prevails in an action to collect a consumer debt, the plaintiff may
157 collect attorney's fees only if the contract or other document evidencing the indebtedness sets
158 forth an obligation of the consumer debtor to pay attorney's fees; provided, however, that if the
159 contract or other document evidencing indebtedness provides for attorney's fees in some specific
160 percentage, the provision and obligation shall be valid and enforceable for not more than 15 per
161 cent of the amount of the debt excluding attorney's fees and collection costs; provided further,
162 that if a contract or other document evidencing indebtedness provides for the payment of

163 reasonable attorney's fees by the consumer debtor, without specifying a specific percentage, the
164 provision shall be construed to mean the lesser of 15 per cent of the amount of the debt,
165 excluding attorney's fees and collection costs, or the amount of attorney's fees calculated by a
166 reasonable rate for such cases multiplied by the amount of time reasonably expended to obtain
167 the judgment; provided further, that the documentation setting forth a party's obligation to pay
168 attorney's fees shall be provided to the court before the court may enforce those provisions; and
169 provided further, that such documentation shall not include materials that the plaintiff has
170 already filed together with the complaint in compliance with applicable court rules.

171 Section 6. (a) A violation of sections 2 to 5, inclusive, shall constitute a violation of
172 chapter 93A.

173 (b) Any portion of a contract, including a consumer form contract, that violates sections 2
174 to 5, inclusive, shall be void and unenforceable.

175 SECTION 2. Section 28 of chapter 246 of the General Laws, as appearing in the 2022
176 Official Edition, is hereby amended by adding the following paragraph:-

177 This section shall not apply in a proceeding to attach earnings or a pension to satisfy a
178 judgment for collection of a consumer debt as defined in section 1 of chapter 93M, and in such
179 an action, said chapter 93M shall apply.

180 SECTION 3. Section 3 of chapter 93M of the General Laws shall not apply to a
181 consumer debt for which the cause of action accrued before January 1, 2026; provided, however,
182 that subsection (b) of said section 3 of said chapter 93M shall apply to any payment on a
183 consumer debt made after the effective date of this act; and provided further, that subsection (b)

184 of section 6 of said chapter 93M shall not apply to a contract, including a consumer form
185 contract, that is in effect before January 1, 2026.

186 SECTION 4. Subsection (b) of section 5 of chapter 93M of the General Laws shall not be
187 construed to require any interest which accrued at an interest rate higher than 3 per cent per
188 annum prior to January 1, 2026 to be re-calculated or reduced. Judgments issued prior to January
189 1, 2026, with an interest rate other than 3 per cent per annum shall not be required to be amended
190 or reissued by the courts

191 SECTION 5. This act shall take effect on January 1, 2026.