



Advocating better skills, jobs, and incomes

TESTIMONY IN SUPPORT OF HOUSE BILL 0365:

Debt Collection - Exemptions From Attachment and Execution

TO: Hon. Dereck E. Davis, Chair, and Members of the Economic Matters Committee

FROM: Christopher Dews, Policy Advocate

DATE: February 12th, 2020

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that develops and advocates for policies and programs to increase the skills, job opportunities, and incomes of low-wage workers and job seekers in Maryland. JOTF supports House Bill 365 as a means to ensure that the wages of low-income individuals are not garnished due to judgments owed through attachment.

For the 10 percent of Marylanders living below the federal poverty line, the management and repayment of even small debts can be a major challenge. Though incarceration for failure to repay debt is illegal in the United States, creditors can obtain a “money judgment” through the courts, making a debt immediately payable to the creditor. For the low-wage worker, who often faces debt from payday loans, unpaid medical debt, and various other incidences of poverty, this is condemning. Their weekly wages barely keep them at the poverty line, and the over garnishment of wages often strips them of the ability to sustain their livelihood. In addition, this practice further plunges Maryland’s low-wage workers into poverty.

Currently, Maryland law exempts a worker’s wages from attachment at a rate of \$217.50 per week, or 75 percent of their wages, whichever is highest. For low-wage workers, this keeps them below the poverty line because it only allows them to keep \$11,310 a year. According to Progressive Now’s Maryland scorecard, more than 48 percent of Marylanders are burdened by rent costs, and 21.4 percent of households have experienced income volatility. Simply put, there is no way for an individual to sustain themselves, in this cost of living, with such little money.

Even further, in JOTF’s report, “The Criminalization of Poverty,” we detail just how this cycle keeps low-wage workers in a state of peril, but has little return on actual debts collected. In 2014, the District Court of Maryland issued more than 217,000 civil judgments, but less than 55,000 were paid in full. This means that these lawsuits are a huge administrative burden on the state that traps people in a cycle of poverty and yet is not an effective means of debt collection.

House Bill 365 seeks to address this issue by increasing the amount of wages that are exempt from attachment. This will allow our most vulnerable Marylanders the ability to remain at, or above the poverty level, while they work to pay off their debts. If enacted, House Bill 365 will raise the wage, so that

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low-wage workers are able to keep 50 times the Maryland minimum wage. This means that a low-wage worker would be able to keep \$550 a week, or \$28,600 a year, as compared to the current law.

JOTF strongly supports any legislation that allows for Maryland's low-wage workers to provide for their families. House Bill 365 would do just that by preventing the garnishment of wages to the point of poverty. This will give our low-wage workers a fighting chance to maintain their livelihood. For this reason, we urge a favorable report of House Bill 365.