



TESTIMONY IN SUPPORT OF SB106

Courts - Judgments - Exemptions From Execution

TO: Hon. William C. Smith, and Members of the Senate Judicial Proceedings Committee

FROM: Ioana Stoica, Policy Advocate

DATE: Tuesday, January 24, 2023

The Job Opportunities Task Force (JOTF) is an independent, nonprofit organization that advocates for better jobs, skills training, and wages for low-income workers and job seekers in Maryland. We urge you to **vote favorably on Senate Bill 106** as a means of providing protections for families from financial ruin and of leaving families with enough assets that they can make a fresh start as they repay debt.

Maryland law provides \$6000 of protection from debt collectors for all of an individual's property. But, in order to protect these assets, an individual must elect to do so, and very few Marylanders are aware of or able to take these exemptions. As a result, almost all of their income and property can be garnished to satisfy a debt. SB 106 creates an automatic exemption floor of \$500 that must be protected in bank accounts, and enables individuals to retain these assets in order to purchase critical items such as medicine and food, or to pay utility bills, while they work on paying back debt owed.

Liquidity is a critical factor in a household's ability to weather hardship. A study from Bankrate found that nearly six in 10 Americans [do not have enough savings](#) to cover a \$1000 unplanned expense, while a Pew study found that most families are not able to meet unexpected lost income from job loss, illness, injury, or a major home or vehicle repair. Additional research indicates that [low income households are at increased risk](#) of experiencing multiple emergencies.

Due to the already low liquidity experienced by low-income communities, debt collection lawsuits and garnishments are a significant burden for these individuals. In 2016, more than 27,000 Maryland residents had their bank accounts or other property seized to satisfy a debt, while in 2020, the United Way reported that almost 40% of Maryland families are struggling financially to meet their basic needs.

Additionally, debt collection practices disproportionately affect workers of color - due to various structural barriers to opportunity, people of color are far more likely than white workers to earn poverty-level wages and are therefore more likely to have trouble paying back debt while meeting other basic needs. At JOTF, through our experience in workforce

JOTF JOB OPPORTUNITIES TASK FORCE

Advocating better skills, jobs, and incomes

training, we have found that our workforce program participants - most of whom are Black, and all of whom are low-income - are significantly impacted by accrued debts and by a lack of liquidity and assets.

SB 106 updates Maryland's outdated formulas for protecting assets, and protects Marylanders from having their accounts zeroed out. Families across the state are struggling, and SB 106 provides a measure of relief and enables individuals to meet their basic needs and get a fresh start as they repay their debts. For these reasons, the **Job Opportunities Task Force urges a favorable report on Senate Bill 106.**

For more information on how SB 106 supports workforce development trainees, please contact Ioana Stoica, JOTF Policy Advocate at ioana@jotf.org or 240-643-0059.