



SB 106- Courts – Judgments – Exemptions from Execution  
Senate Judicial Proceedings Committee  
January 25, 2023  
Support

Chairman Smith, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 106. This bill will allow individuals and families to protect a modest reserve of money in bank accounts from debt collection.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Under the current law Maryland families do not have automatic protection of even a small amount of savings in a bank account against debt collection once bankruptcy is declared. While households could potentially use the wildcard exemption to safeguard some money, most would instead prioritize using the bulk of the wildcard towards keeping a low-value vehicle, essential for employment, and leaving them almost no savings.

Access to liquid assets is a key factor in a household's ability to weather hardship<sup>1</sup>. Senate Bill 106 would enable families to have a flexible, modest financial cushion to meet unexpected expenses, such as home repair, auto repair, and medical emergencies. A Pew study found that the average financial shock cost about \$2,000, but over a quarter of respondents needed to spend \$6,000 dollars or more<sup>2</sup>. Data also shows that low-moderate income households are at increased risk of experiencing multiple emergencies<sup>3</sup>.

**The current law deprives families of the ability to meet sudden life demands and serves to drive them further into poverty.** The dual financial and health challenges of the pandemic will expose more families in Maryland to these strict bankruptcy measures leaving them vulnerable and unable to address urgent needs.

Senate Bill 106 will allow families meet unexpected emergencies by:

- Protecting a modest amount of funds in a bank account

***For these reasons, we urge this Committee to return a favorable report on SB 106.***

<sup>1</sup> <https://www.stlouisfed.org/publications/in-the-balance/2017/cash-on-hand-is-critical-for-avoiding-hardship>

<sup>2</sup> [https://www.pewtrusts.org/~media/assets/2015/10/emergency-savings-report-1\\_artfinal.pdf](https://www.pewtrusts.org/~media/assets/2015/10/emergency-savings-report-1_artfinal.pdf)

<sup>3</sup> <https://www.irlp.wisc.edu/publications/focus/pdfs/foc301c.pdf>