



**MARYLAND
LEGAL AID**

Advancing
**Human Rights and
Justice for All**

**Senate Bill 106
In the House Judiciary Committee -- Courts – Judgments –
Exemptions from Execution
Hearing on March 21, 2023
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 106 in response to a request from Senator Charles Sydnor.

While the garnishment exemption of up to \$6,000 in a bank account has existed under Maryland law for some time, it is an exemption that the judgment debtor must claim in writing and file with the appropriate court. Many debtors are unrepresented and do not realize that this exemption exists -- even if they do, they do not understand the process and paperwork required to claim it. Despite MLA's best efforts to reach those affected, we cannot represent everyone who needs help with that paperwork. By providing an automatic \$500 exemption, the State of Maryland would protect low-income people from collection without requiring them to navigate this complex system. At the same time, there will be fewer cases for courts to adjudicate and less burden on the judicial process. In addition, the consequences of a garnishment can be grave. Some banks freeze the entire account once a judgment creditor issues a garnishment, which prevents low-income households from access to money that they desperately need. While certain federal benefits are also protected from garnishment, not all Marylanders receive those benefits; this bill protects those individuals from losing their last dollars. Therefore, the status quo is not only cruel but counterproductive, often impeding the individual's ability to keep working or attending school and harming the family and community members who depend on them.

MLA advises and represents thousands of individuals each year who face garnishments and only learn about the garnishment when they attempt to pay a bill or withdraw funds for daily expenses. Often, the individual is further penalized by bank charges for NSF and overdraft fees. Typically, these people have little or no resources left and they are panicked—and understandably so. Even if the person is somehow able to file a Motion to exempt funds or property in the account, the Court will usually take at least 14 days to consider the Motion. During that time, the person has no access to the funds in the account. SB 106 protects a small amount of cash upon garnishment, lessening the panic and allowing the consumer to survive a bit longer while the courts decide the underlying legal issues. After that, the person may file to protect additional funds and have that request reviewed by a Court.

To be clear, this bill will not harm a judgment creditors' ability to garnish wages; they can still seize a significant portion of an impacted consumers' property. SB 106 will simply protect \$500 of the existing \$6000 exemption available to all Marylanders, an amount especially critical for our low-income individuals and families who desperately need every last dollar they can manage to pay for and their families' rent, food, utilities, medication, living expenses, transportation, and other essential needs, particularly in inflationary times.

Because this bill provides relief to low-income homeowners facing the risk of collection and attempts to balance the interest of collectors with the real-life issues of low-income Marylanders, MLA urges a favorable report on SB 106. If you need additional information in regards to this bill, please contact William Steinwedel at wsteinwedel@mdlab.org and (410) 951-7643.

/s/William F. Steinwedel

William F. Steinwedel

Supervising Attorney, Foreclosure Legal Assistance Project

Maryland Legal Aid Bureau