



MARYLAND STATE & D.C. AFL-CIO

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**SB 998 - Commercial Law - Earned Wage Access Services
Senate Finance Committee
March 6, 2024**

OPPOSE

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Madame Chair and members of the Committee, thank you for the opportunity to provide testimony in opposition to SB 998. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 300,000 union members in the state of Maryland, I offer the following comments.

We support workers receiving their wages promptly. We fully support employer connected entities that provide wage advancement at no cost and believe the ultimate solution to this issue is for workers to be paid fast, reliable, and predictable family sustaining wages. The National AFL-CIO in partnership with 118 other labor, civil rights, consumer, legal services and community organizations wrote a letter opposing efforts at the federal level, the so-called Earned Wage Access Consumer Protection Act, that would have similarly exempted earned wage access products from consumer lending protections and interest rate caps. We have attached this letter to our testimony.

SB 998 does not limit the fees that workers will have to pay in order to access their wages early. SB 998 does not classify earned wage access products as loans. SB 998 does not require earned wage access companies to be licensed lenders. The bill permits earned wage access companies to ask for voluntary tips. From the National Consumer Law Center, “Tip based companies collect tips 73% of the time. Just three companies generated \$17.55 million in tip revenue plus another \$6.24 million in other fees, likely expedite fees, in 2021.” Unregulated earned wage access products that skirt Maryland’s consumer lending laws are not the temporary financial solution that workers need. Workers should not have to pay egregious tips, fees, or interest. The true cost of any loan or advance of money will be the total amount of money workers had to spend voluntarily or involuntarily to receive that loan.

We support this year’s SB 998 because workers deserve protection from lenders that fail to register or abide by Maryland’s lending laws and it ends the unfair and opaque tipping practices used by some earned wage access products.

Companies that are providing loans, regardless of whether they call themselves financial technology platforms, must follow Maryland’s lending rules and register with the Office of Financial Regulation. SB 998 is ambiguous. It does not provide a path forward for earned wage access products to be safe,

reliable, and transparent for consumers. We urge an unfavorable report on SB 998. Earned wage access products must register as lenders and follow Maryland's consumer lending protections.