



**SB 41 - Consumer Protection - Consumer Reporting Agencies - Information in Consumer Credit Reports**  
**Finance Committee**  
**January 31, 2024**  
**SUPPORT**

Chair Beidle, Vice-Chair Klausmeier, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 41. This bill would update the Maryland Consumer Credit Reporting Act to align with the federal law to match the reporting thresholds in consumer credit reports.

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.**

It is critical to update the Maryland Consumer Credit Reporting Act, as it is a law that regulates the collection, dissemination and use of consumer credit information. Part of this law prohibits consumer reporting agencies from including certain information that is older than 7 years in consumer reports. There are three exemptions to this law that SB 41 would change to match federal law by increasing:

- Credit transactions with principal amounts larger than \$50,000 to \$150,000 or more;
- Life insurance policies larger than \$50,000 to \$150,000 or more; and
- Job applications involving jobs with salaries over \$20,000 to \$75,000 or more.

Cost of living in Maryland and around the country is increasing, so the laws should be updated to accurately reflect costs. The average salary in Maryland is \$70,730 per year<sup>1</sup>, compared to \$3,949 in 1970<sup>2</sup> when the original law was enacted. Statistics show that low-income workers face greater challenges accessing credit and maintaining good credit. The Consumer Financial Protection Bureau found that residents in low-income areas are 240% more likely to become credit visible due to negative records.<sup>3</sup> It is time for Maryland to update the same exemptions to match with federal law as to not disproportionately harm low-income Marylanders.

***Thus, we encourage you to return a favorable report for SB 41.***

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<sup>1</sup> MSA: <https://msa.maryland.gov/msa/mdmanual/01glance/economy/html/wages.html>

<sup>2</sup> MSA: <https://msa.maryland.gov/msa/mdmanual/01glance/economy/html/income.html>

<sup>3</sup> CGPB: <https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-study-finds-consumers-lower-income-areas-are-more-likely-become-credit-visible-due-negative-records/>