



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpmc
facebook.com/aarpmc

**HB 1294 Commercial Law – Credit Regulation – Earned Wage Access and Credit
Modernization
Senate Finance
March 25, 2025
UNFAVORABLE**

Good afternoon, Chair Beidle and members of the Senate Finance Committee. I am Tammy Bresnahan; I am the Senior Director of Advocacy for AARP Maryland. On behalf of AARP Maryland and our more than 850,000 members statewide, we respectfully submit this testimony in strong opposition to HB 1294, which would authorize and regulate employer-integrated earned wage access (EWA) products in the state of Maryland. While these products are often marketed as innovations to help workers access their pay in real time, the provisions of this bill introduce serious risks—particularly to older Marylanders and those living on fixed incomes.

AARP has long advocated for financial protections and safeguards for older Americans. Our policies are guided by the principles of transparency, fair lending, affordability, and the prevention of abusive financial practices. Unfortunately, this bill fails to meet those standards.

While we recognize that employers can play a role in helping workers manage their finances and that cash management tools can be beneficial, we are deeply concerned about high-cost loans and financial products that impose fees on workers, effectively making them pay to access their own wages. Such products undermine the financial stability of older workers and those on fixed incomes.

Key Concerns:

1. Exemption from Lending Laws = Legalized Payday Lending

This bill carves out a sweeping exemption for licensed earned wage access providers from the Maryland Consumer Loan Law (MCLL), including provisions related to interest, credit, and lending. By shielding EWA providers from the very consumer protections designed to prevent exploitative financial products, the bill effectively legalizes payday lending under a new name—a practice that has historically targeted vulnerable populations, including older adults struggling with medical expenses, caregiving costs, or limited income.

2. “Tips” and “Fees” Are Hidden Finance Charges

The bill permits providers to solicit “voluntary tips” and impose subscription or expedited delivery fees. While described as optional, these costs mirror finance charges in form and

function. Experience from other states shows that consumers often feel pressured to tip or pay fees to maintain access or avoid delays. These charges can accumulate quickly, turning EWA into an expensive and opaque form of short-term credit—one that disproportionately affects lower-income workers and retirees returning to the workforce.

3. Harmful Precedent for Workers of All Ages, Especially Older Adults

Older Marylanders increasingly rely on part-time employment to supplement Social Security and other income. They are more likely to face income volatility due to limited working hours, health challenges, or caregiving responsibilities. These are the very individuals most likely to use EWA products—and most at risk of falling into a cycle of financial dependency when the product lacks effective guardrails. This bill would leave them with few protections and little recourse if things go wrong.

4. Lack of Clear Consumer Education or Data Protections

While the bill requires providers to inform consumers of their rights and any material changes, it does not provide for independent oversight, enforcement mechanisms, or public reporting. Nor does it fully address concerns about data privacy and the use of payroll information by third-party financial service providers. These are essential elements of any responsible financial product—especially those used by older and vulnerable adults.

Conclusion

AARP Maryland respectfully urges lawmakers to reject this legislation. Rather than creating a safe, affordable pathway for workers to access their wages, this bill exposes Marylanders to the very dangers our consumer protection laws were designed to prevent. Any policy involving earned wage access must be rooted in transparency, affordability, and full regulatory oversight—not carved-out exemptions and payday-like practices. We thank you for your consideration and stand ready to work with you on better, safer solutions for Maryland workers of all ages.

For further questions or follow-up, please contact me at tbresnahan@aarp.org or by calling 410-302-8451. Thank you for your time and consideration.