
By: **Senator Frosh**

Introduced and read first time: February 6, 2004

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Courts and Judicial Proceedings - Exemptions from Execution and**
3 **Bankruptcy Exemptions**

4 FOR the purpose of altering certain monetary limits on certain amounts of cash and
5 property exempt from execution on a judgment and in bankruptcy proceedings;
6 providing for the application of this Act; and generally relating to exemptions
7 from execution and bankruptcy exemptions.

8 BY repealing and reenacting, with amendments,
9 Article - Courts and Judicial Proceedings
10 Section 11-504
11 Annotated Code of Maryland
12 (2002 Replacement Volume and 2003 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Courts and Judicial Proceedings**

16 11-504.

17 (a) (1) In this section the following terms have the meanings indicated.

18 (2) "Value" means fair market value as of the date upon which the
19 execution or other judicial process becomes effective against the property of the
20 debtor, or the date of filing the petition under the federal Bankruptcy Code.

21 (b) The following items are exempt from execution on a judgment:

22 (1) Wearing apparel, books, tools, instruments, or appliances, in an
23 amount not to exceed [\$2,500] \$5,000 in value necessary for the practice of any trade
24 or profession except those kept for sale, lease, or barter.

25 (2) Money payable in the event of sickness, accident, injury, or death of
26 any person, including compensation for loss of future earnings. This exemption
27 includes but is not limited to money payable on account of judgments, arbitrations,

1 compromises, insurance, benefits, compensation, and relief. Disability income
2 benefits are not exempt if the judgment is for necessities contracted for after the
3 disability is incurred.

4 (3) Professionally prescribed health aids for the debtor or any dependent
5 of the debtor.

6 (4) The debtor's interest, not to exceed [\$500] \$1,000 in value, in
7 household furnishings, household goods, wearing apparel, appliances, books, animals
8 kept as pets, and other items that are held primarily for the personal, family, or
9 household use of the debtor or any dependent of the debtor.

10 (5) Cash or property of any kind equivalent in value to [\$3,000] \$6,000 is
11 exempt, if within 30 days from the date of the attachment or the levy by the sheriff,
12 the debtor elects to exempt cash or selected items of property in an amount not to
13 exceed a cumulative value of [\$3,000] \$6,000.

14 (c) (1) In order to determine whether the property listed in subsection (b)(4)
15 and (5) of this section is subject to execution, the sheriff shall appraise the property at
16 the time of levy. The sheriff shall return the appraisal with the writ.

17 (2) An appraisal made by the sheriff under this subsection is subject to
18 review by the court on motion of the debtor.

19 (3) Procedures will be as prescribed by rules issued by the Court of
20 Appeals.

21 (d) The debtor may not waive, by cognovit note or otherwise, the provisions of
22 subsections (b) and (h) of this section.

23 (e) The exemptions in this section do not apply to wage attachments.

24 (f) In addition to the exemptions provided in subsection (b) of this section, and
25 in other statutes of this State, in any proceeding under Title 11 of the United States
26 Code, entitled "Bankruptcy", any individual debtor domiciled in this State may
27 exempt the debtor's aggregate interest, not to exceed [\$2,500] \$5,000 in value, in real
28 property or personal property.

29 (g) In any bankruptcy proceeding, a debtor is not entitled to the federal
30 exemptions provided by § 522(d) of the federal Bankruptcy Code.

31 (h) (1) In addition to the exemptions provided in subsections (b) and (f) of
32 this section and any other provisions of law, any money or other assets payable to a
33 participant or beneficiary from, or any interest of any participant or beneficiary in, a
34 retirement plan qualified under § 401(a), § 403(a), § 403(b), § 408, § 408A, § 414(d), or
35 § 414(e) of the United States Internal Revenue Code of 1986, as amended, or § 409 (as
36 in effect prior to January 1984) of the United States Internal Revenue Code of 1954,
37 as amended, shall be exempt from any and all claims of the creditors of the
38 beneficiary or participant, other than claims by the Department of Health and Mental
39 Hygiene.

1 (2) Paragraph (1) of this subsection does not apply to:

2 (i) An alternate payee under a qualified domestic relations order,
3 as defined in § 414(p) of the United States Internal Revenue Code of 1986, as
4 amended;

5 (ii) A retirement plan, qualified under § 401(a) of the United States
6 Internal Revenue Code of 1986, as amended, as a creditor of an individual retirement
7 account qualified under § 408 of the United States Internal Revenue Code of 1986, as
8 amended; or

9 (iii) The assets of a bankruptcy case filed before January 1, 1988.

10 (3) The interest of an alternate payee in a plan described in subsection
11 (h)(1) of this section shall be exempt from any and all claims of any creditor of the
12 alternate payee, except claims by the Department of Health and Mental Hygiene.

13 (4) If a contribution to a retirement plan described under paragraph (1)
14 of this subsection exceeds the amount deductible or, in the case of contribution under
15 § 408A of the Internal Revenue Code, the maximum contribution allowed under the
16 applicable provisions of the United States Internal Revenue Code of 1986, as
17 amended, the portion of that contribution that exceeds the amount deductible or, in
18 the case of contribution under § 408A of the Internal Revenue Code, the maximum
19 contribution allowed, and any accrued earnings on such a portion, are not exempt
20 under paragraph (1) of this subsection.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
22 any judgment entered or bankruptcy proceeding filed on or after the effective date of
23 this Act.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
25 effect October 1, 2004.