

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 515

(Senator Frosh)

Judicial Proceedings

Judiciary

---

Courts and Judicial Proceedings – Exemptions from Execution and Bankruptcy Exemptions

---

This bill doubles the value of certain items exempt from execution on a judgment or that may be retained by a debtor in bankruptcy proceedings.

---

Fiscal Summary

**State Effect:** This bill would not have measurable impact on the Judiciary.

**Local Effect:** None.

**Small Business Effect:** Potential minimal, for small business owners who could benefit from the increased exemption for items used in a trade or profession.

---

Analysis

**Bill Summary:** A person against whom a judgment has been executed, or who has filed a bankruptcy petition, is allowed to retain certain items that are not subject to the judgment or to creditor claims. The bill establishes new amounts for several categories of these items. In all instances the new level is double the current level. The categories and higher exemptions include:

- wearing apparel, books, tools, instruments, or appliances necessary for the practice of any trade or profession, except those kept for sale, lease, or barter, \$5,000 instead of \$2,500;

- the debtor's interest in household furnishings, household goods, wearing apparel, appliances, books, animals kept as pets, and other items that are held primarily for the personal, family, or household use of the debtor or any dependent of the debtor, \$1,000 instead of \$500;
- cash or property of any kind equivalent in value to \$6,000 instead of \$3,000, if within 30 days from the date of the attachment or levy by the sheriff, the debtor elects to exempt cash or selected items of property in an amount not to exceed a cumulative value of \$6,000 instead of \$3,000; and
- in addition to the preceding items, in any bankruptcy proceeding brought pursuant to federal law, a debtor domiciled in the State may exempt the debtor's aggregate interest in real property or personal property, not to exceed \$5,000 instead of \$2,500.

**Background:** Federal law allows states to "opt-out" from federal bankruptcy code exemptions. The majority of states, including Maryland, have opted-out. Therefore, the exemptions provided under State law apply in a bankruptcy proceeding filed by a Maryland debtor. In addition to the items described above, State law provides exemptions for a variety of other property, including life insurance and annuities, money payable in the event of sickness, accident, injury, or death, and certain pension and retirement benefits.

The current monetary limit of \$500 on items held for personal, family, or household use and the current limit of \$3,000 on cash or equivalent property were enacted in 1981. The current limit of \$2,500 on the additional bankruptcy exemption was enacted in 1983. The tools of the trade exemption was capped at \$2,500 in 1989.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Judiciary (Administrative Office of the Courts), Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2004  
n/jr

---

Analysis by: Rita A. Reimer

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

