

HOUSE BILL 1520

D1

6lr2714

By: ~~Delegate Tomlinson~~ Delegates Tomlinson, Conaway, Simmons, Taylor, and Valentine

Introduced and read first time: February 13, 2026

Assigned to: Judiciary

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 9, 2026

CHAPTER _____

1 AN ACT concerning

2 **Courts – Exemption From Judgment – Alterations and Additions**

3 FOR the purpose of increasing, for certain categories of items, the amount allowed to be
4 exempted from judgment; establishing additional categories of items that may be
5 exempted from judgment; ~~altering the allowable exemptions for a debtor proceeding~~
6 ~~through bankruptcy~~; and generally relating to allowable exemptions from judgment.

7 BY repealing and reenacting, with amendments,
8 Article – Courts and Judicial Proceedings
9 Section 11–504
10 Annotated Code of Maryland
11 (2020 Replacement Volume and 2025 Supplement)

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

14 **Article – Courts and Judicial Proceedings**

15 11–504.

16 (a) (1) In this section the following words have the meanings indicated.

17 (2) **“~~DISABLED~~ DISABILITY” MEANS ~~HAVING A PHYSICAL OR MENTAL~~
18 ~~DISABILITY THAT:~~**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 ~~(I) MAKES AN INDIVIDUAL UNABLE TO ENGAGE IN~~
 2 ~~SUBSTANTIAL GAINFUL EMPLOYMENT; AND~~

3 ~~(II) 1. HAS LASTED OR CAN BE EXPECTED TO LAST AT LEAST~~
 4 ~~12 MONTHS; OR~~

5 ~~2. CAN BE EXPECTED TO RESULT IN DEATH A PHYSICAL~~
 6 ~~OR MENTAL IMPAIRMENT THAT RESULTS IN A SUBSTANTIAL IMPEDIMENT TO~~
 7 ~~EMPLOYMENT.~~

8 ~~(3) "DISABLED VETERAN" HAS THE MEANING STATED IN § 7-208 OF~~
 9 ~~THE TAX PROPERTY ARTICLE.~~

10 [(2)] ~~(4)~~ (3) "Depository institution" means a bank, credit union, trust
 11 company, savings bank, or savings and loan association, or any of their affiliates or
 12 subsidiaries.

13 ~~(5)~~ (4) "ELDERLY" MEANS AT LEAST 60 YEARS OLD.

14 [(3)] ~~(6)~~ (5) "Value" means fair market value as of the date on which the
 15 execution or other judicial process becomes effective against the property of the debtor, or
 16 the date of filing the petition under the federal Bankruptcy Code.

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

18 (1) Wearing apparel, books, tools, instruments, or appliances, in an amount
 19 not to exceed \$5,000 in value necessary for the practice of any trade or profession except
 20 those kept for sale, lease, or barter.

21 (2) Except as provided in subsection (i) of this section, money payable in
 22 the event of sickness, accident, injury, or death of any person, including compensation for
 23 loss of future earnings. This exemption includes but is not limited to money payable on
 24 account of judgments, arbitrations, compromises, insurance, benefits, compensation, and
 25 relief. Disability income benefits are not exempt if the judgment is for necessities contracted
 26 for after the disability is incurred.

27 (3) Professionally prescribed health aids for the debtor or any dependent of
 28 the debtor.

29 (4) (I) [The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
 30 PARAGRAPH, THE debtor's interest, not to exceed [\$1,000] **\$5,000** in value, in household
 31 furnishings, household goods, wearing apparel, appliances, books, animals kept as pets,
 32 and other items that are held primarily for the personal, family, or household use of the
 33 debtor or any dependent of the debtor.

1 **(II) FOR A ~~DISABLED VETERAN~~ DEBTOR WHO IS ELDERLY OR**
2 **WHO HAS A DISABILITY, THE DEBTOR'S INTEREST, NOT TO EXCEED \$10,000 IN**
3 **VALUE, IN HOUSEHOLD FURNISHINGS, HOUSEHOLD GOODS, WEARING APPAREL,**
4 **APPLIANCES, BOOKS, ANIMALS KEPT AS PETS, AND OTHER ITEMS THAT ARE HELD**
5 **PRIMARILY FOR THE PERSONAL, FAMILY, OR HOUSEHOLD USE OF THE DEBTOR OR**
6 **ANY DEPENDENT OF THE DEBTOR.**

7 **(5) THE DEBTOR'S INTEREST, NOT TO EXCEED \$3,000 IN VALUE, IN**
8 **FIREARMS.**

9 **(6) (I) 1. EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS**
10 **PARAGRAPH AND SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, THE DEBTOR'S**
11 **INTEREST, NOT TO EXCEED \$10,000 IN VALUE, IN ONE MOTOR VEHICLE NECESSARY**
12 **FOR PRACTICE OF THE DEBTOR'S OCCUPATION, TRADE, OR ENROLLMENT IN ANY**
13 **PUBLIC OR PRIVATE ELEMENTARY, SECONDARY, OR CAREER AND TECHNICAL**
14 **EDUCATION SCHOOL OR INSTITUTION OF HIGHER EDUCATION.**

15 **2. THIS PARAGRAPH DOES NOT APPLY TO A MOTOR**
16 **VEHICLE USED TO COMMUTE TO AN OCCUPATION, A TRADE, OR AN EDUCATIONAL**
17 **PROGRAM THAT IS NOT OTHERWISE NECESSARY FOR USE IN THE COURSE OF THE**
18 **OCCUPATION, TRADE, OR EDUCATIONAL PROGRAM.**

19 **(II) FOR A DEBTOR WHO IS ELDERLY OR ~~DISABLED~~ WHO HAS A**
20 **DISABILITY, THE DEBTOR'S INTEREST, NOT TO EXCEED \$25,000, IN ONE MOTOR**
21 **VEHICLE NECESSARY FOR THE PRACTICE OF THE DEBTOR'S OCCUPATION, TRADE,**
22 **OR ENROLLMENT IN ANY PUBLIC OR PRIVATE ELEMENTARY, SECONDARY, OR**
23 **CAREER AND TECHNICAL EDUCATION SCHOOL OR INSTITUTION OF HIGHER**
24 **EDUCATION.**

25 **[(5)] (7) Subject to subsection (c)(3) of this section, up to \$500 in a deposit**
26 **account or other account of the debtor held by a depository institution, without election of**
27 **the debtor.**

28 **[(6)] (8) Cash or property of any kind equivalent in value to \$6,000 is**
29 **exempt, if within 30 days from the date of the attachment or the levy by the sheriff, the**
30 **debtor elects to exempt cash or selected items of property in an amount not to exceed a**
31 **cumulative value of \$6,000, except that the cumulative value of cash and property**
32 **exempted under this item and item [(5)] (7) of this subsection may not exceed \$6,000.**

33 **[(7)] (9) Money payable or paid in accordance with an agreement or court**
34 **order for child support.**

1 ~~[(8)]~~ **(10)** Money payable or paid in accordance with an agreement or court
2 order for alimony to the same extent that wages are exempt from attachment under §
3 15–601.1(b)(1)(i) of the Commercial Law Article.

4 ~~[(9)]~~ **(11)** The debtor’s beneficial interest in any trust property that is
5 immune from the claims of the debtor’s creditors under § 14.5–511 of the Estates and Trusts
6 Article.

7 ~~[(10)]~~ **(12)** With respect to claims by a separate creditor of a husband or
8 wife, trust property that is immune from the claims of the separate creditors of the husband
9 or wife under § 14.5–511 of the Estates and Trusts Article.

10 **(13) PAYMENTS UNDER § 24 OR § 32 OF THE INTERNAL REVENUE**
11 **CODE.**

12 (c) (1) (i) In order to determine whether the property listed in subsection
13 (b)(4) and ~~[(6)]~~ **(8)** of this section is subject to execution, the sheriff shall appraise the
14 property at the time of levy.

15 (ii) The sheriff shall return the appraisal with the writ.

16 (iii) An appraisal made by the sheriff under this paragraph is subject
17 to review by the court on motion of the debtor.

18 (iv) Procedures will be as prescribed by rules issued by the Supreme
19 Court of Maryland.

20 (2) (i) A writ of garnishment issued for a deposit account or other
21 account held by a depository institution shall instruct the garnishee that, subject to
22 additional exemptions, it is to garnish only the amount exceeding the amount exempted
23 without election of the debtor.

24 (ii) A depository institution may not be liable to the judgment
25 creditor for actions taken in good faith reliance on the instructions in the writ of
26 garnishment required under this paragraph.

27 (3) (i) A depository institution shall, on receipt of a writ of garnishment
28 or other levy or attachment, answer the writ of garnishment or other levy or attachment
29 and, if the debtor maintains any deposit accounts with the depository institution, state:

30 1. That the total amount does not exceed \$500; or

31 2. The amount of funds in excess of \$500 that has been held
32 pending further order of court.

1 (ii) For any funds in excess of \$500, the depository institution shall
 2 follow all other customary procedures for handling a writ of garnishment or other levy or
 3 attachment, including freezing of funds.

4 (iii) 1. If a debtor holds an interest in multiple deposit accounts
 5 at a single depository institution, the depository institution may determine how and to
 6 which account or accounts the \$500 exemption should be applied.

7 2. This subparagraph does not create a cause of action
 8 against a depository institution that complies with a writ of garnishment or other levy or
 9 attachment.

10 (iv) The exemption under subsection [(b)(5)] **(B)(7)** of this section:

11 1. Applies separately to each depository institution and to
 12 each writ of garnishment directed to a depository institution; and

13 2. Does not preclude or reduce a debtor's rights to any other
 14 exemption provided by State or federal law.

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

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

18 (f) (1) (i) In addition to the exemptions provided in subsection (b) of this
 19 section, and in other statutes of this State, in any proceeding under Title 11 of the United
 20 States Code, entitled "Bankruptcy", any individual debtor domiciled in this State may
 21 exempt the debtor's aggregate interest in:

22 1. Personal property, up to \$5,000; and

23 2. Subject to subparagraph (ii) of this paragraph:

24 A. Owner-occupied residential real property, including a
 25 condominium unit, ~~A MOBILE HOME AS DEFINED IN § 8A-101 OF THE REAL~~
 26 ~~PROPERTY ARTICLE~~, or a manufactured home that has been converted to real property
 27 in accordance with § 8B-201 of the Real Property Article; or

28 B. A cooperative housing corporation that owns property that
 29 the debtor occupies as a residence.

30 (ii) ~~1. [The] EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2~~
 31 ~~OF THIS SUBPARAGRAPH, THE~~ exemption allowed under subparagraph (i)2 of this
 32 paragraph may not exceed ~~the~~ amount under 11 U.S.C. § 522(d)(1), adjusted in accordance

1 with 11 U.S.C. § 104, subject to the provisions of paragraphs (2) and (3) of this subsection.]
 2 ~~§300,000 IN VALUE.~~

3 ~~2. THE EXEMPTION ALLOWED UNDER SUBPARAGRAPH~~
 4 ~~(1)2 OF THIS PARAGRAPH SHALL BE \$600,000 IN VALUE IF THE OWNER OR A~~
 5 ~~DEPENDENT OF THE OWNER OF THE PROPERTY IS ELDERLY OR DISABLED.~~

6 (2) An individual may not claim the exemption under paragraph (1)(i)2 of
 7 this subsection on a particular property if:

8 (i) The individual has claimed successfully the exemption on the
 9 property within 8 years prior to the filing of the bankruptcy proceeding in which the
 10 exemption under this subsection is claimed; or

11 (ii) The individual's spouse, child, child's spouse, parent, sibling,
 12 grandparent, or grandchild has claimed successfully the exemption on the property within
 13 8 years prior to the filing of the bankruptcy proceeding in which the exemption under this
 14 subsection is claimed.

15 (3) The exemption under paragraph (1)(i)2 of this subsection may not be
 16 claimed by both a husband and wife in the same bankruptcy proceeding.

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

19 (h) (1) In addition to the exemptions provided in subsections (b) and (f) of this
 20 section and any other provisions of law, any money or other assets payable to a participant
 21 or beneficiary from, or any interest of any participant or beneficiary in, a retirement plan
 22 qualified under § 401(a), § 403(a), § 403(b), § 408, § 408A, § 414(d), or § 414(e) of the United
 23 States Internal Revenue Code of 1986, as amended, or § 409 (as in effect prior to January
 24 1984) of the United States Internal Revenue Code of 1954, as amended, shall be exempt
 25 from any and all claims of the creditors of the beneficiary or participant, other than claims
 26 by the Maryland Department of Health.

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

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

30 (ii) A retirement plan, qualified under § 401(a) of the United States
 31 Internal Revenue Code of 1986, as amended, as a creditor of an individual retirement
 32 account qualified under § 408 of the United States Internal Revenue Code of 1986, as
 33 amended; or

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

1 (3) The interest of an alternate payee in a plan described under paragraph
2 (1) of this subsection shall be exempt from any and all claims of any creditor of the alternate
3 payee, except claims by the Maryland Department of Health.

4 (4) If a contribution to a retirement plan described under paragraph (1) of
5 this subsection exceeds the amount deductible or, in the case of contribution under § 408A
6 of the Internal Revenue Code, the maximum contribution allowed under the applicable
7 provisions of the United States Internal Revenue Code of 1986, as amended, the portion of
8 that contribution that exceeds the amount deductible or, in the case of contribution under
9 § 408A of the Internal Revenue Code, the maximum contribution allowed, and any accrued
10 earnings on such a portion, are not exempt under paragraph (1) of this subsection.

11 (i) (1) In this subsection, “net recovery” means the sum of money to be
12 distributed to the debtor after deduction of attorney’s fees, expenses, medical bills, and
13 satisfaction of any liens or subrogation claims arising out of the claims for personal injury,
14 including those arising under:

15 (i) The Medicare Secondary Payer Act, 42 U.S.C. § 1395y;

16 (ii) A program of the Maryland Department of Health for which a
17 right of subrogation exists under §§ 15–120 and 15–121.1 of the Health – General Article;

18 (iii) An employee benefit plan subject to the federal Employee
19 Retirement Income Security Act of 1974;

20 (iv) A health insurance contract; or

21 (v) A workers’ compensation insurance plan.

22 (2) Twenty–five percent of the net recovery by the debtor is subject to
23 execution on a judgment for a child support arrearage on a claim for:

24 (i) Personal injury; or

25 (ii) Workers’ compensation indemnity benefits, including any weekly
26 benefits or settlement proceeds payable to the debtor.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 October 1, 2026.