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February 12, 2020

To: The Honorable Dereck E. Davis
Chair, Economic Matters Committee

From: Steven M. Sakamoto-Wengel 
Consumer Protection Counsel for Regulation, Legislation and Policy

Re: House Bill 365 – Debt Collection – Exemptions from Attachment and Execution
(SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 365 sponsored by Delegates Dumais and Charkoudian. The bill increases the amount of wages that a low-wage worker may protect from garnishment. Maryland currently falls behind 32 states in protecting debtors from excessive wage garnishment, including surrounding states. House Bill 365 would update Maryland's current formula to protect 75% of wages or 50 times the Maryland minimum wage. As the poverty rate in Maryland has increased 19% since 1990, workers are struggling with stagnant wages and to make ends meet. House Bill 365 would also protect from collection proceeds received from a home insurance policy needed to repair the debtor's home. This bill considers such struggles of Maryland debtors and protects them from severe garnishments that affect their essentials, including shelter and basic amount of income, needed for daily life.

The Division believes that increasing the amount of wages that a low-wage worker may protect from garnishment will greatly assist debtors who are currently struggling with paying medical bills or who are living paycheck to paycheck. For these reasons, the Consumer Protection Division asks that the Economic Matters Committee return a favorable report on House Bill 365.

cc: The Honorable Kathleen Dumais
The Honorable Lorig Charkoudian
Members, Economic Matters Committee

