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**Testimony to the House Economic Matters Committee
HB 365: Debt Collection - Exemptions From Attachment
Position: Favorable**

February 12, 2020

Dereck E. Davis, Chair
House Economic Matters Committee Room 231,
House Office Building
Annapolis, MD 21401
Cc: Members, House Economic Matters Committee

Honorable Chair Davis and Members of the Committee:

We the undersigned organizations are writing to ask you to support HB 365, which would increase the amount of wages that a low-wage worker can protect from garnishment.

HB 365 will update Maryland's current formula which has not been updated in more than 30 years. When passed, HB 365 will allow low-wage workers to protect 75% of wages or 50 times the Maryland minimum wage of \$11. This means a low-wage worker can protect \$550 a week, or \$28,600 a year from wage garnishment. Currently, Maryland only protects \$217 a week, or \$11,310 a year which is lower than the federal poverty line for an individual. **Today, a low-wage worker could work 40 hours a week, 52 weeks a year and be pushed below the federal poverty level to pay off a debt collector.**

Thirty-two other states do more to protect low-wage workers from financially devastating wage garnishment. Maryland lags behind the District of Columbia, Virginia, West Virginia, Delaware, and Pennsylvania, which doesn't garnish wages at all.

As costs for housing, medical costs, college, and other basic needs have skyrocketed, wages have remained stagnant. The result is that the poverty rate has increased 19% in Maryland since 1990, and that 35% of Maryland households are financially struggling, according to the United Way's 2019 ALICE report.

According to the Urban Institute, 30% of Maryland residents have a debt in collection. Forty percent of debts in collection are in communities of color who often have less access to credit and must take out larger loan amounts to pay for college or purchase a car. The majority of debts in collection are student loan, medical, auto, and credit debt.

As households struggle to make ends meet, Maryland must update its draconian garnishment laws, which favor debt collectors over families attempting to get a fresh start and become financially stable.

For these reasons, we support HB365 and ask for a favorable report.

Sincerely,

Handwritten signature of Chelsea Odeh in cursive script.Handwritten signature of a man in cursive script, appearing to be 'John Sten'.