



Maryland Consumer Rights Coalition

**Testimony to the Senate Finance Committee**  
**SB 425: Debt Collection - Exemptions From Attachment**  
**Position: Favorable**

February 14, 2020

Senator Kelley, Chair Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, Maryland 21401  
Cc: Members, Senate Finance Committee

Honorable Chair Kelley and Members of the Committee:

MCRC is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here in strong support of SB 425.

The cost of living in Maryland has dramatically increased in the past few decades, but our rules to protect working families in financial distress have not kept pace. Between 1990-2016, poverty in Maryland increased by 19.1%.<sup>1</sup> Currently, 576,835 Marylanders are living in poverty throughout our state. At the same time poverty is deepening, housing costs are rising. Today, a person would have to earn \$28.87 per hour to be able to afford a market-rate, two bedroom apartment without spending more than 30% of their income.<sup>2</sup> According to the Prosperity Now 2018 report card, Maryland has dropped from 17th in the nation to 22nd in terms of residents financial security.

When an individual falls behind on their payments, the creditor can pursue a judgement against the individual. Once a judgement has been rendered, debt collectors can garnish wages, property, and bank accounts. In Maryland, there were 46,719 debt collection cases filed in Prince George's County, Baltimore County, and Baltimore City alone.<sup>3</sup>

Across Maryland, 42,586 Marylanders had their wages garnished in 2016. In Maryland, 32% of residents have a debt in collections; with 15% of the debt comprised of medical debt, and two percent of student loan debt. The average medical debt in collections is \$460, while the average student loan debt is \$9,483.

---

<sup>1</sup> [Maryland Poverty Profiles, Maryland Alliance for the Poor](#),

[http://mapadvocacy.org/wp-content/uploads/2018/01/Maryland-Poverty-Profiles\\_2018\\_1-15-2018\\_T.pdf](http://mapadvocacy.org/wp-content/uploads/2018/01/Maryland-Poverty-Profiles_2018_1-15-2018_T.pdf)

<sup>2</sup> *ibid*

<sup>3</sup> Turnbull, Emanwel Calculations from Judiciary Case Search, 2017 (see Table 1)



It has been 30 years since Maryland raised its debt exemption threshold. We need to bring our exemptions up-to-date to account for the increased costs of living. We also need to update these exemptions so that Marylanders who are financially fragile, have a chance to get a fresh start and not get stuck in a debt spiral.

Currently 32 states are doing a better job than Maryland in regards to debt exemptions according to the National Consumer Law Center's report, *No Fresh Start*.<sup>4</sup> In each of these 30 states, contrary to assertions of the opposition, access to credit remains robust, and debt collectors are able to both lend-and collect-upon their loans. In fact, Georgia is the only state along the Eastern Seaboard that rates as poorly as Maryland in protecting the wages of low-income workers. 17 states do better and access to credit remains intact and states remain able to collect on debts.

SB 425 updates Maryland's wage garnishment law by changing the formula used to set the amount of wages protected. Current law allows an individual to protect 75% of their wages or 30 times the federal minimum wage, whichever is greater. For a low-wage worker, this means they are able to protect \$217 per week, or \$11,310 a year from garnishment. The current federal poverty guideline for an individual is \$12,760. This means that currently in Maryland, an individual working full-time can be garnished to below the federal poverty level.

SB 425 will update Maryland's current formula 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. Maryland lags behind surrounding states and the District of Columbia which just updated its wage garnishment law in December 2018 to 40 times the District's minimum wage law of \$13.25, or \$27,560 per year.

We support SB 425 because it will bring much needed relief to more than 550,000 low-wage, working families across Maryland. We support SB 425 and urge a favorable report.

Best,

Marceline White  
Executive Director

---

<sup>4</sup> <https://www.nclc.org/images/pdf/pr-reports/report-no-fresh-start.pdf>



**Debt Collection Cases, Wage & Bank Garnishments, 2016**

County	Total Garnishments	Wage Garnishments	Property Garnishments
Prince George's	19,059	9,963	9,096
Baltimore County	14,831	10,539	4,292
Baltimore City	12,829	9,888	2,941
Montgomery	7,146	3,228	3,918
Wicomico	3,242	2,938	304
Charles	3,106	1,678	1,428
Harford	3,073	1,954	1,119
Howard	2,527	1,392	1,135
Frederick	2,043	1,223	820
Washington	1,669	1,193	476
Carroll	1,228	762	466
St. Mary's	1,056	657	399
Calvert	910	543	367
Worcester	647	569	78
Cecil	634	399	235
Dorchester	538	402	136
Allegany	518	382	136
Somerset	476	417	59
Caroline	299	223	76
County	Total Garnishments	Wage Garnishments	Property Garnishments
Talbot	289	206	83



Maryland Consumer Rights Coalition

Queen Anne's	217	137	80
Garrett	146	87	59
Kent	128	88	41
<b>Total</b>	<b>76,611</b>	<b>48,868</b>	<b>27,744</b>

Source: Judiciary Case Search, 2016