



SB 452- Small Claims - Examination in Aid of Enforcement - Prohibition

House Judiciary Committee

March 30, 2022

SUPPORT WITH AMENDMENTS

Chair Clippinger, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support with amendment of Senate Bill 452. This bill will prohibit the court from ordering the appearance of an individual for an examination in aid of enforcement of a money judgment in District Court; however, CASH believes that individuals should not be arrested or incarcerated for debt.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

SB 452 should be amended to protect consumers in Maryland from predatory debt collectors who are using the power of our state's courts and jails to strong-arm consumers, specifically our most vulnerable populations of consumers. Many people have been arrested for failing to pay the debt and failing to appear in court. The Constitution of Maryland says no person shall be imprisoned for debt. However, in 2012, 39 Marylanders were arrested and incarcerated for failing to pay judgements issued against them in small claims court. Additionally, in 2014 there were 77 Marylanders arrested and incarcerated for failing to pay judgements issued against them in small claims court. This means that Debtors Prisons are being used to punish low-income communities across Maryland.

Most of the time, people who owe money to creditors simply lack the funds to pay. Since they lack the funds to pay their debt, they most likely also lack the funds to post bail. This means that low-income people are sitting in jail due to having a low income. People are going through hard times, especially in the midst of this pandemic. Many people are living on a fixed income, sick, and/or jobless. Imprisoning people due to debt will decrease their ability to be accountable for their debt. Imprisonment leads to job lost, homelessness, and has a severe effect on financial security. These factors will make paying back debt significantly more difficult.

COVID-19 has changed the financial capability of many people in Maryland. The threat or action of jailing low-income people during this time further decreases their financial capability and adds another layer of stress to their situation.

SB 452 can be amended to help low-income people in Maryland preserve their ability to focus on their debt.

For these reasons, we encourage a favorable report on SB 452.

Creating Assets, Savings and Hope