



Testimony to the House Economic Matters Committee
HB913: Institutions – Student Financing Companies – Required Registration and Reporting
Position: Favorable

March 1, 2023

The Honorable C.T. Wilson, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) 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 writing today in support of HB913. HB913 would require student financing companies to register with the state and report on their activities and financial operations. This legislation is intended to increase transparency and accountability in the student financing industry, which has been known to exploit vulnerable student borrowers, particularly those from low-income and marginalized communities.

From a racial and economic equity standpoint, this legislation is a positive step towards addressing the systemic issues of inequality and discrimination that exist in the student financing industry. Student loan debt is a significant burden for many Americans, and it disproportionately affects people of color and low-income individuals. According to recent data, Black borrowers are more likely to default on their student loans than any other racial or ethnic group, and they typically owe more than their white peers. In the United States, women owe the majority of the outstanding \$1.7 trillion dollars in student loans and Black women carry about 20% more student debt than white women do.¹

HB913 aims to level the playing field by requiring student financing companies to be more transparent about their operations and financial activities. This transparency will help ensure that these companies are not taking advantage of vulnerable student borrowers, and it will provide regulators with the information they need to hold bad actors accountable.

Furthermore, Maryland has a history of requiring better documentation for debt collection. This was demonstrated by former Attorney General Frosh's 2019 legislation prohibiting student loan servicers from engaging in any unfair, abusive, or deceptive trade practice.² Greater transparency and common

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<https://www.cnbc.com/2021/06/14/black-women-owe-22percent-more-in-student-debt-then-white-women-on-average.html>

² https://mgaleg.maryland.gov/2019RS/chapters_noln/Ch_546_hb0594T.pdf



reporting would support this goal and create stronger protections for Maryland consumers.

Overall, HB913 has the potential to promote greater equity and fairness in the student financing industry. By requiring student financing companies to be more transparent and accountable, this legislation can help level the playing field for all student borrowers, regardless of their race or economic status.

For these reasons we support HB913 and urge a favorable report.

Respectfully,

Isadora Stern
Policy Manager