



THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

January 19, 2023

Testimony in SUPPORT of HB 42 - Courts - Judgments - Exemptions From Execution

Summary: HB 42 clarifies Maryland’s current exemption law by automatically exempting \$500 in an individual’s bank account from collection by creditors, protecting just a small fraction of our most economically vulnerable citizens’ assets.

Overview: In 2016, more than 27,000 Marylanders had their property seized or their bank account garnished to repay debts. Many of these families are facing medical or student debt, both kinds of debt that are taken on to help improve the borrower’s life.

As they work to pay back their debt, Marylanders should not lose everything they own or be subject to so much garnishment they cannot make basic ends meet.

Maryland law already protects \$6000 of protection for an individual’s property, including their vehicle, cash, and other valuables. However, this exemption is not automatic—the debtor must elect to take it. Many people facing debt collection are unaware of this, resulting in all or nearly all of their assets being seized at once to pay back the debt.

HB 42 merely makes automatic a small fraction of this existing exemption, shielding \$500 in a debtor’s bank account from collection. This amount, while a small number for the collectors, is absolutely crucial for these families—it can mean that they keep the ability to pay for food, medication, rent, utilities, and other essential needs.

The \$500 protected by HB 42, a compromise on the \$2600 requested in 2021, is a much smaller change to the current law than many other states have enacted. For example:

- California protects **\$1788** in a bank account automatically (Section 704.220.)
- Delaware prohibits **any** garnishment of a bank account ([12 Del. C. § 3502\(b\)](#).)
- Massachusetts protects up to **\$2500** ([c. 235 sec. 34\(15\)](#) and [c. 246 sec. 28A](#))
- New York protects up to **\$3600** (240 times the applicable state or federal minimum wage—whichever is higher [[CVP 5232](#)])
- Washington protects **\$2000** in a bank account, \$1000 is self-executing ([RCW 6.15.010](#))

Conclusion: HB 42 provides an automatic layer of financial protection that will give families more stability as they work to pay off their debt.

This bill passed this committee by a vote of 16-5 and the full House by a vote of 101-32 last year.

Thank you and I ask for a favorable report on HB 42.