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Testimony to the House Judiciary Committee
HB 127: Small Claims-Examination of Aid In Enforcement-
Prohibition on Arrest or Incarceration for Failure to Appear
Position: Favorable

January 23, 2023

The Honorable Luke Clippinger, Chair
The Honorable David Moon, Vice Chair
House Judiciary Committee
Room 101, House Office Building
Annapolis, MD 21401
Cc: Members, House Judiciary Committee

Honorable Chair Clippinger, Vice Chair Moon, and Members of the Committee:

Since 1966, Consumer Credit Counseling Service of Maryland and Delaware, Inc. (CCCSMD) - a Maryland 501c3 non-profit housing and credit counseling agency - has provided Maryland residents with financial education, debt management and budgeting tools to improve their financial well-being. This bill is consistent with CCCSMD's mission to improve the financial lives of the individuals and families we serve and supports our vision to help transform communities where everyone has a chance to become financially independent.

What the bill does

In Maryland, judges can issue arrest warrants for alleged debtors at the request of debt collectors. These arrest warrants-or body attachments-allow sheriffs' to arrest individuals for not answering questions related to their assets, for failing to appear in court related to a consumer debt under \$5000. Maryland residents have been arrested and jailed for these small consumer debts as recently as 2020.

Debt Collection

In Maryland, from 2010-2014 more than 130 body attachments -a lien on an individual's body-were issued each month. These arrest warrants were issued at the behest of debt collectors to determine what assets an individual may possess that plaintiffs can garnish to pay the judgment owed.

Criminalization of Poverty-workers and workforce

Creates a 2 tier-system of justice. Despite efforts to prohibit setting a bond for release, we are still seeing a bail or bond set -this creates a system where those who can afford to pay a bail or bond do not go to jail,

while those who can't afford to pay remain in jail.

This system creates a vicious cycle of poverty where debt collection attorneys use the court system to help them collect debts – including debts that may legally not be able to be collected upon. For example, research found that several individuals arrested and jailed had income that was legally protected from garnishment -- yet they were arrested multiple times for a debt to a municipality. Moreover, if a low-wage worker is arrested and jailed, they often lose their job, deepening their financial struggles and making it that much harder to repay debts. Poverty is not a crime but the current process harms low-wage workers and often makes it more difficult for them to get ahead.

Racial Equity and Justice

Arrests for debts that are \$5000 or less disproportionately affect African-American residents in Maryland. In Maryland, 43% of non-white residents had at least one debt in collection, while only 19% of white borrowers had a debt in collection. Moreover, consumer debt collection lawsuits and the resulting judgements are disproportionately carried out in communities-of-color throughout Maryland.

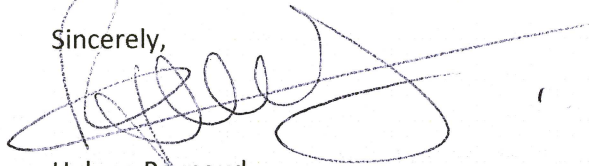
Many body attachments are executed when a driver is pulled over for a traffic violation . Given over-policing of Black communities, Black drivers are more likely to be pulled over and arrested for body attachments than white drivers. Finally, the bail bonds industry is one of the most aggressive in seeking body attachments. This, too, is indicative of the disproportionate impact of debtors' prisons on Black residents, especially given the over-criminalization and incarceration of Black residents, particularly boys and men.

Saves Taxpayers Money

Given the many other pressing issues that sheriffs and police must deal with, it is a poor use of their time and taxpayer resources for them to arrest individuals for these small debts allegedly owed to municipalities, HOAs, and bail bondsmen. Jailing these individuals is also a poor use of state resources.

CCCSMD supports policies that end the criminalization of poverty. We ask that the Committee issue a favorable report on HB 127.

Sincerely,



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