



**Testimony to the House Economic Matters Committee**  
**Consumer Protection and Debt Collection - Exemptions From Attachment and Requirements**  
**on Judgment Creditors**  
**Position: Favorable**

February 20, 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 economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing today in support of HB661. HB661 addresses expands protections for working families who fall behind on their bills in several important ways; first by codifying Court Rules (MD Rules, Rule 3-646) that a creditor provides a person with a receipt each time they are garnished; second by increasing the amount of wages a person can protect from garnishment and tying increases to the Consumer Price Index.

Protections were updated in Maryland in 2020 after remaining untouched for three decades. Today, compared to other states, Maryland has a “C” ranking from the National Consumer Law Center in its wage protections for working families. Thirteen states including Arizona, Alaska, North & South Carolina, Pennsylvania, and Texas do a better job protecting those who have fallen behind in getting a fresh start as they repay their debts.

### **Families are Struggling**

Despite the welcome increase to Maryland’s minimum wage level, many households across the state are still struggling to make ends meet.

One in two households in Prince George's County experienced food insecurity in 2023<sup>1</sup>. Twenty-seven percent of households in Montgomery County were food insecure last year<sup>2</sup>. There are a number of reasons why so many families are living paycheck to paycheck. As we know, many workers are borrowing against their own paychecks because they can’t cover expenses until the next

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<sup>1</sup> [Capital Area Food Bank Hunger Report 2023](#)

<sup>2</sup> Ibid



payday. A combination of the end of pandemic government assistance, lagging employment, and inflation create a perfect financial cataclysm for many hard-working households.

While employment has grown, it is still 11.4% lower than it was in January 2020 and 18.5% lower for the region's lowest earners with lags in leisure, hospitality and other service sector employment<sup>3</sup>. At the same time, inflation soared between May 2020-May 2023 with the Consumer Price Index rising to 19%, meaning people needed 19% more money to purchase the same goods and services as they did three years earlier.

Prices for food, utilities, medical care, and rent skyrocketed in the past three years. Experts at MIT estimate that a family of four needs a living wage of \$119,720 in Maryland<sup>4</sup>. In other words, it is time for a change. We need to increase our exemptions so families can keep more money in their pockets.

HB661 raises the debt exemption from its current calculation of the greater of 75% of wages or 30 x the state minimum wage to the greater of 85% of wages or a flat \$750 per week. Currently a minimum wage worker can protect \$450 a week or \$23,400 a year. HB661 will raise the protections to \$39,000 a year.

This will enable a family to meet the immediate needs of their household today rather than having a large portion of their paycheck go to paying old bank, medical, utility or other debt. The money the households keep is invested in the local economy and saves taxpayers money by reducing reliance on government assistance and programs.

Debt falls hardest on Black and Brown households which have higher debt loads, less wealth, and fewer assets for a safety net than similar white households, so these protections are particularly important in ensuring efforts to close the racial wealth gap and existing inequalities.

For all of these reasons, we support HB661 and urge a favorable report.

Best,

Marceline White  
Executive Director

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<sup>3</sup> *ibid*

<sup>4</sup> <https://livingwage.mit.edu/states/24>