



THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

HB 661- CONSUMER PROTECTION AND DEBT COLLECTION- EXEMPTIONS FROM  
ATTACHMENT AND REQUIREMENTS ON JUDGMENT CREDITORS

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

FEBRUARY 20, 2024

Chair Wilson, Vice Chair Crosby, and Members of the Economic Matters Committee,

Wage garnishment is a legal process where a portion of an individual's paycheck is withheld to repay debts, such as unpaid loans, medical debt, or other obligations. Currently Maryland receives a 'C' grade in debt collection wage protection.<sup>1</sup> An individual in our state can reserve 75% of their income from wage garnishment, or 30x the Maryland minimum wage in order to cover basic living expenses. For a low-wage Maryland worker, this amount would be \$450 per week or \$23,400 per year.

This income is not enough to cover basic living expenses and is well below the United Way's ALICE report survival threshold which is \$34,680 a year for a single earner.<sup>2</sup> For low-income debtors, many of whom have families and dependents to take care of, the wages garnished from their income can mean the difference between stability and basic needs insecurity. Current law does not account for the drastic increases in prices for necessities fueled by inflation and the recent and dramatic rise in the cost of living here in Maryland. In 2018 the United Ways' ALICE Report survival income threshold for Maryland was \$26,052. In 2021, It rose to \$34,680.

This legislation changes the amount of wages that are exempt from wage garnishment from 30x the state minimum hourly wage to a rate of \$750 per week in effect at the time wages are due in order to support low-wage workers to pay for their basic needs.

Further, debt collectors, under the Consumer Protection Act, are required to provide receipt of each payment to a debtor after their wages have been garnished to show the total amount paid and the amount remaining. However, because there are no penalties associated with this regulation, debt collectors fail to do so, which can result in debtors paying beyond what was owed with no chance at reimbursement.

This legislation requires creditors to provide a written statement showing each payment that was credited to the account of the debtor that month, and the manner in which each payment was credited (direct or wage garnishment) and imposes penalties for violating this regulation.

I respectfully request a favorable report on HB 661.

<sup>1</sup> [www.nclc.org/resources/no-fresh-start-2022-will-states-let-debt-collectors-push-families-into-poverty/](http://www.nclc.org/resources/no-fresh-start-2022-will-states-let-debt-collectors-push-families-into-poverty/)

<sup>2</sup> United Ways of Maryland 2023 ALICE Report. Maryland's report can be downloaded at this link:  
<https://www.unitedforalice.org/state-reports-mobile>