



January 19, 2024

The Honorable CT Wilson, Chair
The Honorable Brian Crosby, Vice Chair
House Economic Matters Committee
House Office Building Room 231
Annapolis, Maryland 21401

**HB 246: Earned Wage Access and Credit Modernization
Position - Support**

Thank you Chair Wilson and Vice Chair Crosby and members of the House Economic Matters Committee for the opportunity to submit written testimony in support of HB 246.

My name is Victoria Leonard, Political and Legislative Director for the Baltimore-Washington area of the Philadelphia/Baltimore/Washington Laborers' District Council (PBWLDC), an affiliate of the Laborers' International Union of North America (LiUNA). The PBWLDC represents more than 13,000 members. Our members are proudly employed on many infrastructure construction projects across the region. Nationwide, LiUNA represents more than 500,000 members.

We support HB 246. It provides necessary consumer protections for workers, particularly for the low-income workers of Maryland, many of whom are people of color. This bill will ensure that Maryland workers can keep their hard-earned wages and avoid being potentially exploited by financial entities charging high-interest fees for pay advances that exceed what's permitted under Maryland law. Without doubt, Earned Wage Access Products are a form of payday loans and should be regulated by the state of Maryland.

Research demonstrates that Earned Wage Access Products are most often used by low-wage workers who get cash in increments of \$100 or less. These small amounts add up quickly because workers resort to these products repeatedly—as often as every week or two—and product providers charge fees each time, often requesting a voluntary “tip” for service. The fees charged on these cash advances, which are provided for a very short period before repayment is required, result in significant interest charges.

Many Maryland low-wage workers are people of color, and data shows that these workers are particularly vulnerable to using these products. These workers are living paycheck to paycheck, and they use these products often to buy basic goods and services. If companies are given special exceptions to charge interest well above what's currently allowed under Maryland consumer loan law, workers will see their pay shrink and not be able to provide for their families.

Finally, we urge the committee to examine the practice of suggesting or requesting voluntary “tips” or “gratuities.” This practice is misleading to workers and consumers. Some workers might think that a “tip” is necessary to reward a company for processing their cash advance, but very plainly, these are simply another form of service charge, adding to the high costs of these products.

Please pass HB 246 and send it over to the Senate.