Queen_2025-testimony-HB393-ECM-binder_sub1.pdf
Uploaded by: Pamela Queen
Position: FAV

Pamela E. Queen
Legislative District 14
Montgomery County

Economic Matters Committee

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THE MARYLAND HOUSE OF DELEGATES
Annapolis, Maryland 21401

Sponsor Testimony - Request for Favorable Recommendation
HB 393 – Attachment of Wages – Income Protection Act

Greetings Chair C.T. Wilson, Vice Chair Brian Crosby, and members of the Economic Matters Committee,

HB 393 proposes three modifications to existing Attachment of Wage laws in Maryland. One change is to extend the categories of protected income to include social security, disability, and unemployment benefits. In most cases, these benefits are exempt from garnishment by Federal law. Secondly, the protected wage amount would be based on the Federal poverty line versus the State poverty line. Thirdly, this bill outlines that employers provide more disclosure and details about the garnishment amount and methodology.

Note: 30 times the federal minimum wage is $217.50 per week. This is calculated by multiplying $7.25, the federal minimum wage, by 30. Whereas 30 times the minimum wage in Maryland is $450 per week, or $23,400 per year. This is 30 times $15 per hour. This amount is the maximum amount of a debtor's income that can be protected from wage garnishment in Maryland. The $23,400 per year is slightly less than the 150% federal poverty line for a family of one per HHS (see the attached chart).

Since the intent to use a federal guideline for consistency has raised concerns, the bill will be amended to maintain the 30x the State minimum wage. Additionally, the disclosure details should be provided with implementation of the Paystub Transparency Act, section C of the bill will also be removed from this bill.

I seek a favorable recommendation with amendments (1) to maintain Section 15-601.1, part (b)(1)(ii) to its original wording and (2) to strike Section 15-603, part (c).

Cordially,

Pamela E. Queen

2024 Poverty Guidelines: 48 Contiguous States (all states except Alaska and Hawaii)

Dollars Per Year

Household/ Family Size	50%	75%	100%	125%	130%	133%	135%	138%	150%	175%	180%	185%
1	7,530.00	11,295.00	15,060.00	18,825.00	19,578.00	20,029.80	20,331.00	20,782.80	22,590.00	26,355.00	27,108.00	27,861.00
2	10,220.00	15,330.00	20,440.00	25,550.00	26,572.00	27,185.20	27,594.00	28,207.20	30,660.00	35,770.00	36,792.00	37,814.00
3	12,910.00	19,365.00	25,820.00	32,275.00	33,566.00	34,340.60	34,857.00	35,631.60	38,730.00	45,185.00	46,476.00	47,767.00
4	15,600.00	23,400.00	31,200.00	39,000.00	40,560.00	41,496.00	42,120.00	43,056.00	46,800.00	54,600.00	56,160.00	57,720.00
5	18,290.00	27,435.00	36,580.00	45,725.00	47,554.00	48,651.40	49,383.00	50,480.40	54,870.00	64,015.00	65,844.00	67,673.00
6	20,980.00	31,470.00	41,960.00	52,450.00	54,548.00	55,806.80	56,646.00	57,904.80	62,940.00	73,430.00	75,528.00	77,626.00
7	23,670.00	35,505.00	47,340.00	59,175.00	61,542.00	62,962.20	63,909.00	65,329.20	71,010.00	82,845.00	85,212.00	87,579.00
8	26,360.00	39,540.00	52,720.00	65,900.00	68,536.00	70,117.60	71,172.00	72,753.60	79,080.00	92,260.00	94,896.00	97,532.00
9	29,050.00	43,575.00	58,100.00	72,625.00	75,530.00	77,273.00	78,435.00	80,178.00	87,150.00	101,675.00	104,580.00	107,485.00
10	31,740.00	47,610.00	63,480.00	79,350.00	82,524.00	84,428.40	85,698.00	87,602.40	95,220.00	111,090.00	114,264.00	117,438.00
11	34,430.00	51,645.00	68,860.00	86,075.00	89,518.00	91,583.80	92,961.00	95,026.80	103,290.00	120,505.00	123,948.00	127,391.00
12	37,120.00	55,680.00	74,240.00	92,800.00	96,512.00	98,739.20	100,224.00	102,451.20	111,360.00	129,920.00	133,632.00	137,344.00
13	39,810.00	59,715.00	79,620.00	99,525.00	103,506.00	105,894.60	107,487.00	109,875.60	119,430.00	139,335.00	143,316.00	147,297.00
14	42,500.00	63,750.00	85,000.00	106,250.00	110,500.00	113,050.00	114,750.00	117,300.00	127,500.00	148,750.00	153,000.00	157,250.00

Household/ Family Size	200%	225%	250%	275%	300%	325%	350%	375%	400%	500%	600%	700%
1	30,120.00	33,885.00	37,650.00	41,415.00	45,180.00	48,945.00	52,710.00	56,475.00	60,240.00	75,300.00	90,360.00	105,420.00
2	40,880.00	45,990.00	51,100.00	56,210.00	61,320.00	66,430.00	71,540.00	76,650.00	81,760.00	102,200.00	122,640.00	143,080.00
3	51,640.00	58,095.00	64,550.00	71,005.00	77,460.00	83,915.00	90,370.00	96,825.00	103,280.00	129,100.00	154,920.00	180,740.00
4	62,400.00	70,200.00	78,000.00	85,800.00	93,600.00	101,400.00	109,200.00	117,000.00	124,800.00	156,000.00	187,200.00	218,400.00
5	73,160.00	82,305.00	91,450.00	100,595.00	109,740.00	118,885.00	128,030.00	137,175.00	146,320.00	182,900.00	219,480.00	256,060.00
6	83,920.00	94,410.00	104,900.00	115,390.00	125,880.00	136,370.00	146,860.00	157,350.00	167,840.00	209,800.00	251,760.00	293,720.00
7	94,680.00	106,515.00	118,350.00	130,185.00	142,020.00	153,855.00	165,690.00	177,525.00	189,360.00	236,700.00	284,040.00	331,380.00
8	105,440.00	118,620.00	131,800.00	144,980.00	158,160.00	171,340.00	184,520.00	197,700.00	210,880.00	263,600.00	316,320.00	369,040.00
9	116,200.00	130,725.00	145,250.00	159,775.00	174,300.00	188,825.00	203,350.00	217,875.00	232,400.00	290,500.00	348,600.00	406,700.00
10	126,960.00	142,830.00	158,700.00	174,570.00	190,440.00	206,310.00	222,180.00	238,050.00	253,920.00	317,400.00	380,880.00	444,360.00
11	137,720.00	154,935.00	172,150.00	189,365.00	206,580.00	223,795.00	241,010.00	258,225.00	275,440.00	344,300.00	413,160.00	482,020.00
12	148,480.00	167,040.00	185,600.00	204,160.00	222,720.00	241,280.00	259,840.00	278,400.00	296,960.00	371,200.00	445,440.00	519,680.00
13	159,240.00	179,145.00	199,050.00	218,955.00	238,860.00	258,765.00	278,670.00	298,575.00	318,480.00	398,100.00	477,720.00	557,340.00
14	170,000.00	191,250.00	212,500.00	233,750.00	255,000.00	276,250.00	297,500.00	318,750.00	340,000.00	425,000.00	510,000.00	595,000.00

Note: Each individual program--e.g., SNAP, Medicaid--determines how to round various multiples of the poverty guidelines, what income is to be included, and how the eligibility unit is defined. For more information about the poverty guidelines visit: http://aspe.hhs.gov/poverty.

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.

Dollars Per Month

Household/ Family Size	50%	75%	100%	125%	130%	133%	135%	138%	150%	175%	180%	185%
1	627.50	941.25	1,255.00	1,568.75	1,631.50	1,669.15	1,694.25	1,731.90	1,882.50	2,196.25	2,259.00	2,321.75
2	851.67	1,277.50	1,703.33	2,129.17	2,214.33	2,265.43	2,299.50	2,350.60	2,555.00	2,980.83	3,066.00	3,151.17
3	1,075.83	1,613.75	2,151.67	2,689.58	2,797.17	2,861.72	2,904.75	2,969.30	3,227.50	3,765.42	3,873.00	3,980.58
4	1,300.00	1,950.00	2,600.00	3,250.00	3,380.00	3,458.00	3,510.00	3,588.00	3,900.00	4,550.00	4,680.00	4,810.00
5	1,524.17	2,286.25	3,048.33	3,810.42	3,962.83	4,054.28	4,115.25	4,206.70	4,572.50	5,334.58	5,487.00	5,639.42
6	1,748.33	2,622.50	3,496.67	4,370.83	4,545.67	4,650.57	4,720.50	4,825.40	5,245.00	6,119.17	6,294.00	6,468.83
7	1,972.50	2,958.75	3,945.00	4,931.25	5,128.50	5,246.85	5,325.75	5,444.10	5,917.50	6,903.75	7,101.00	7,298.25
8	2,196.67	3,295.00	4,393.33	5,491.67	5,711.33	5,843.13	5,931.00	6,062.80	6,590.00	7,688.33	7,908.00	8,127.67
9	2,420.83	3,631.25	4,841.67	6,052.08	6,294.17	6,439.42	6,536.25	6,681.50	7,262.50	8,472.92	8,715.00	8,957.08
10	2,645.00	3,967.50	5,290.00	6,612.50	6,877.00	7,035.70	7,141.50	7,300.20	7,935.00	9,257.50	9,522.00	9,786.50
11	2,869.17	4,303.75	5,738.33	7,172.92	7,459.83	7,631.98	7,746.75	7,918.90	8,607.50	10,042.08	10,329.00	10,615.92
12	3,093.33	4,640.00	6,186.67	7,733.33	8,042.67	8,228.27	8,352.00	8,537.60	9,280.00	10,826.67	11,136.00	11,445.33
13	3,317.50	4,976.25	6,635.00	8,293.75	8,625.50	8,824.55	8,957.25	9,156.30	9,952.50	11,611.25	11,943.00	12,274.75
14	3,541.67	5,312.50	7,083.33	8,854.17	9,208.33	9,420.83	9,562.50	9,775.00	10,625.00	12,395.83	12,750.00	13,104.17

Household/ Family Size	200%	225%	250%	275%	300%	325%	350%	375%	400%	500%	600%	700%
1	2,510.00	2,823.75	3,137.50	3,451.25	3,765.00	4,078.75	4,392.50	4,706.25	5,020.00	6,275.00	7,530.00	8,785.00
2	3,406.67	3,832.50	4,258.33	4,684.17	5,110.00	5,535.83	5,961.67	6,387.50	6,813.33	8,516.67	10,220.00	11,923.33
3	4,303.33	4,841.25	5,379.17	5,917.08	6,455.00	6,992.92	7,530.83	8,068.75	8,606.67	10,758.33	12,910.00	15,061.67
4	5,200.00	5,850.00	6,500.00	7,150.00	7,800.00	8,450.00	9,100.00	9,750.00	10,400.00	13,000.00	15,600.00	18,200.00
5	6,096.67	6,858.75	7,620.83	8,382.92	9,145.00	9,907.08	10,669.17	11,431.25	12,193.33	15,241.67	18,290.00	21,338.33
6	6,993.33	7,867.50	8,741.67	9,615.83	10,490.00	11,364.17	12,238.33	13,112.50	13,986.67	17,483.33	20,980.00	24,476.67
7	7,890.00	8,876.25	9,862.50	10,848.75	11,835.00	12,821.25	13,807.50	14,793.75	15,780.00	19,725.00	23,670.00	27,615.00
8	8,786.67	9,885.00	10,983.33	12,081.67	13,180.00	14,278.33	15,376.67	16,475.00	17,573.33	21,966.67	26,360.00	30,753.33
9	9,683.33	10,893.75	12,104.17	13,314.58	14,525.00	15,735.42	16,945.83	18,156.25	19,366.67	24,208.33	29,050.00	33,891.67
10	10,580.00	11,902.50	13,225.00	14,547.50	15,870.00	17,192.50	18,515.00	19,837.50	21,160.00	26,450.00	31,740.00	37,030.00
11	11,476.67	12,911.25	14,345.83	15,780.42	17,215.00	18,649.58	20,084.17	21,518.75	22,953.33	28,691.67	34,430.00	40,168.33
12	12,373.33	13,920.00	15,466.67	17,013.33	18,560.00	20,106.67	21,653.33	23,200.00	24,746.67	30,933.33	37,120.00	43,306.67
13	13,270.00	14,928.75	16,587.50	18,246.25	19,905.00	21,563.75	23,222.50	24,881.25	26,540.00	33,175.00	39,810.00	46,445.00
14	14,166.67	15,937.50	17,708.33	19,479.17	21,250.00	23,020.83	24,791.67	26,562.50	28,333.33	35,416.67	42,500.00	49,583.33

Note: Each individual program--e.g., SNAP, Medicaid--determines how to round various multiples of the poverty guidelines, what income is to be included, and how the eligibility unit is defined. For more information about the poverty guidelines visit: http://aspe.hhs.gov/poverty.

Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation.

Queen_2025-testimony-HB393-ECM.pdf
Uploaded by: Pamela Queen
Position: FAV

Pamela E. Queen
Legislative District 14
Montgomery County

Economic Matters Committee

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Sponsor Testimony - Request for Favorable Recommendation
HB 393 – Attachment of Wages – Income Protection Act

Greetings Chair C.T. Wilson, Vice Chair Brian Crosby, and members of the Economic Matters Committee,

HB 393 proposes three modifications to existing Attachment of Wage laws in Maryland. One change is to extend the categories of protected income to include social security, disability, and unemployment benefits. In most cases, these benefits are exempt from garnishment by Federal law. Secondly, the protected wage amount would be based on the Federal poverty line versus the State poverty line. Thirdly, this bill outlines that employers provide more disclosure and details about the garnishment amount and methodology.

Two of the modifications are consistent with Federal guidelines and these provisions are supported by the Maryland Chambers. The disclosure details may now be provided with implementation of the Paystub Transparency Act. If so, the employee disclosure provision would be redundant and would be removed from this bill.

I seek a favorable recommendation with amendments to align Maryland's wage garnish laws with Federal guidelines.

Cordially,

CDN UNFAVORABLE HB393.pdf
Uploaded by: Claudia Wilson Randall
Position: UNF

Testimony to the House Economic Matters Committee

HB393 Commercial Law - Attachment of Wages - Exemptions
(Exempt Income Protection Act)

POSITION: Unfavorable

January 28, 2025

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

Honorable Chair Wilson and members of the Economic Matters Committee:

The Community Development Network of Maryland (CDN) is the voice for Maryland's community development sector and serves nearly 200 member organizations. CDN—focuses on small affordable housing developers, housing counseling agencies and community-based non- profits across the state of Maryland. The mission of CDN is to promote, strengthen and advocate for the community development sector throughout Maryland's urban, suburban and rural communities.

HB393 alters the way in which wages are protected from garnishment. In 2020, this committee and the General Assembly passed HB0365/SB425 which updated debt exemption in Maryland for the first time in more than 30 years to allow individuals to keep the greater of 75% of wages or 30 times the Maryland minimum wage.

CDN is in opposition to HB393. Despite its title, it will effectively roll back wage protections for low-income households and families living paycheck to paycheck.

HB393 would shift the calculation of wages that are exempt from garnishment. HB393 would retain the 75% of disposable wages but strike 30 times the Maryland minimum wage and replace it with 150% of the federal poverty level.

HB393 provides a modest $20 increase in protection from current law but in practice would make it difficult for families to receive that $20 increase. To prove household size, the debtor would have to go to court or somehow attest or otherwise prove household size. Essentially, fewer families would receive the $20 increase and the majority of low-income households would see a reduction in protections.

For these reasons, we oppose HB393 and urge an unfavorable report.

Submitted by Claudia Wilson Randall, Executive Director, Community Development Network

2025 HB393 - Wage Garnishment - Opposed - Final.pd
Uploaded by: Emanwel Turnbull
Position: UNF

THE HOLLAND LAW FIRM
FOR CONSUMER RIGHTS

January 24, 2025

Testimony to the House Economic Matters Committee
HB393 Commercial Law - Attachment of Wages - Exemptions
(Exempt Income Protection Act)
Position: Unfavorable

The Honorable CT 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:

I write to oppose HB393.

This Committee and the General Assembly passed HB0365/SB425 in 2020 which updated debt exemption in Maryland for the first time in more than 30 years to allow individuals to keep the greater of 75% of wages or 30 times the Maryland minimum wage.

This bill would break the link between the Maryland minimum wage and the garnishment exemptions, instead making Marylander's wage protections once again subject to a federal standard – the federal poverty level – over which the General Assembly has no control.

How would an employer be able to calculate either of the two proposed exemptions accurately? The proposed standard for (b)(1)(i) *includes* social security, disability, and unemployment benefits in the calculation. Employers do not have that information. The proposed standard for (b)(1)(ii) requires information about household size – also unknown to most employers..

The (b)(1)(i) exemption, by including public benefits in the wage calculation, creates the potential for some debtors to have their entire paycheck garnished if they are primarily reliant on public benefits, taking away any incentive to supplement their benefits through work. Strangely, it disadvantages recipients of

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public benefits more than any other source of income: A debtor recieving income from a second employer, investments, or as an independent contractor would have a greater portion of their income exempt under this bill than one recieving the majority of their income from social security.

The (b)(1)(ii) exemption is similarly impractical. Even supposing that some debtors might be entitled to a greater exemption under (b)(1)(ii) than under current law, the only way for them to get the benefit of that exemption would be to file a motion seeking to limit the garnishment and providing evidence of household size and the federal poverty level. At present, even motions to quash garnishments entirely are often not heard for months in the District Court. Historically very few debtors have claimed the exemptions they are entitled to, and there is no reason to suppose that the debtors affected by this bill will have any more success in affirmatively asserting exemptions.

For these reasons, I urge an UNFAVORABLE report on HB393.

Sincerely,

/s/ Emanwel J. Turnbull

Emanwel J. Turnbull

HB 393_MDCC_Commercial Law-Attachment of Wages-Exc

Uploaded by: Grason Wiggins

Position: UNF

MARYLAND
Chamber of Commerce

House Bill 393

Date: January 28, 2025
Committee: Economic Matters
Position: Opposed

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

House Bill 393 (HB 393) requires employers who may not be a party to an adjudicated debt to notify a judgement debtor of the amount of their wages that are not subject to a garnishment attachment, the method used to calculate the amount of the attachable wages, and the procedure by which the judgement debtor may contest the attachment under Maryland law.

Under current law, judgement debtors receive ample notice of both the debt and garnishment of wages. For example, pursuant to Maryland Rule 3-646(c)(3-4), a writ of garnishment must notify the individual who is having their wages garnished of (1) their right to contest the garnishment by filing a motion asserting a defense or objection, and (2) potential state or federal exemptions.

In addition to the writ of garnishment, Maryland law currently requires judgement debtors to receive additional information regarding their garnishment. For example, MD Code, Commercial Law, § 15-605(a), requires judgement creditors to provide the individual who is having their wages garnished with a written statement that shows all payments that have been credited to the account within 15 days of the end of each month. Additionally, the judgement creditor must notify the individual who is having their wages garnished within 15 days of the judgement being satisfied.

Considering the notice and continuous update requirements already established under Maryland law, the Maryland Chamber is concerned that HB 393 is placing an additional notice requirement on employers who may not have been a party to the adjudicated debt.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **HB 393 as drafted.**

EconAction HB393 UNF.pdf
Uploaded by: Marceline White
Position: UNF

Testimony to the House Economic Matters Committee
HB393 Commercial Law - Attachment of Wages - Exemptions (Exempt Income Protection Act)
Position: Unfavorable

January 28, 2025

The Honorable CT 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 Fund (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights, equity and housing justice 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 here in strong opposition to HB393. Despite its title, it will effectively roll back wage protections for low-income households and families living paycheck to paycheck.

HB393 alters the way in which wages are protected from garnishment. In 2020, this committee and the General Assembly passed HB0365/SB425 which updated debt exemption in Maryland for the first time in more than 30 years to allow individuals to keep the greater of 75% of wages or 30 times the Maryland minimum wage.

HB661, introduced last year in this committee to increase wage protections, was withdrawn by the sponsor.

HB393 would shift the calculation of wages that are exempt from garnishment. HB393 would retain the 75% of disposable wages but strike 30 times the Maryland minimum wage and replace it with 150% of the federal poverty level for weekly income based on the household size.

HB393 also states that federal benefits such as Social Security, SSDI, and unemployment are exempt from garnishment. These federal benefits are generally already exempt from garnishment.

The net effect of HB393 would be a modest $20 increase in protection from current law. The problem is in the execution of the law. In order to prove household size, the debtor would have to go to court or somehow attest to the size of their household which increases the onus on the debtor and likely reduces the number of debtor households that would avail themselves of this benefit. This provision would weaken Maryland's current law and create more obstacles for households struggling with debt to receive their lawful protections[1]. Rather than roll back protections and join states like Oklahoma and Nebraska that have similar anemic laws, Maryland should reject this benevolent-sounding bill that harms low-income families.

Financial precarity and housing instability is on the rise. Despite recent gains, the purchasing power of wages continues to lag behind the rising costs of utilities, food, housing, and healthcare. Today working families find that the costs of groceries, housing, and utilities are 22% higher than four years ago with increased utility and insurance costs on the horizon. In terms of housing, U.C. Berkeley's Housing Precarity Risk Model ranks the Baltimore-Columbia-Towson MSA as the fifth most vulnerable nationally for displacement[2]. The model suggests 400,882 Maryland households live in neighborhoods at higher and highest risk for displacement.

While families struggle to make ends meet, we need to help them by expanding hard fought-for protections, not weakening them. **If this committee wants to expand protections for workers, they could simply protect a flat flat $750 per week which would not require the debtor to go to extra lengths to assert that protection.**

While well-intentioned, HB393 sets back working families and financial hardship. For all these reasons we oppose HB393 and urge an unfavorable report.

Best,

Marceline White
Executive Director

[1] https://www.propublica.org/article/old-debts-fresh-pain-weak-laws-offer-debtors-little-protection
[2] https://www.urbandisplacement.org/maps/housing-precarity-risk-model/

Testimony to the House Economic Matters Committee-

Uploaded by: Michael Best

Position: UNF

Testimony to the House Economic Matters Committee

HB393 Commercial Law - Attachment of Wages - Exemptions (Exempt Income Protection Act)

Position: Unfavorable

January 28, 2025

The Honorable CT 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:

The National Consumer Law Center (NCLC) submits this written testimony in strong opposition to HB 393. Founded in 1969, NCLC uses the tools of advocacy, education, and litigation to fight for economic justice for low-income and other vulnerable people who have been abused, deceived, discriminated against, or left behind in our economy.

Each year NCLC publishes its No Fresh Start report, which grades the states based on how well state laws protect low income people from aggressive debt collection that can push already struggling families into hunger or homelessness.

This year's report, No Fresh Start: Will States Protect Families from Debt Collectors Seizing Wages and Bank Balances? emphasizes the importance of self-executing protections - protections that take effect without the need for any legal action.

HB393 alters the way in which wages are protected from garnishment in Maryland. In 2020, this committee and the General Assembly passed HB0365/SB425, which, for the first time in more than 30 years, updated Maryland's protection, allowing a worker to keep the greater of 75% of wages or 30 times the Maryland minimum wage.

HB393 would change the calculation of wages that are exempt from garnishment, retaining the protection for 75% of disposable wages but striking the protection for 30 times the Maryland minimum wage. Instead, HB393 would protect 150% of the federal poverty level for weekly income based on the household size. This would add a layer of complexity for workers who would have to both know about the protection based on family size and establish what their family size is by some mechanism not described in the bill. This could also create a burden and confusion for employers who, under the bill, would have to notify the worker of the amount of wages exempt from garnishment and the method used to calculate the amount of wages subject to garnishment.

While pegging wage garnishment to the federal poverty level for a family's size does make some intuitive sense, we have found that complexity is the enemy of efficacy in these laws. Consumers in Maryland and around the country are almost never represented by lawyers when they are sued in collection lawsuits. As a result, most people will be unable to navigate a legal process to establish that they are entitled to a higher level of protection for their wages based on family size. For example, a 2024 report found that in Hamilton County, Tennessee only 5% of cases where a judgment had been entered took advantage of the option to request an installment payment by filing a separate motion in court, meaning that the remaining 95% that did not submit the motion could not access more affordable monthly payments or avoid wage garnishment.

In order to protect working families who are living paycheck to paycheck, it is critical to continue providing self-executing wage garnishment protections that are automatically applied to protect working people's paychecks.

For these reasons, we oppose HB393 and urge an unfavorable report.

Sincerely,

Michael Best, Senior Attorney

HB393_NFIB_unfav (2025).pdf
Uploaded by: Mike O'Halloran
Position: UNF

NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Economic Matters Committee

FROM: NFIB – Maryland

DATE: January 28, 2025

RE: **OPPOSE HOUSE BILL 393** – Commercial Law – Attachment of Wages – Exemptions

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB is concerned with a specific provision of House Bill 393 – legislation that changes the exemption level on disposable wages for garnishment purposes.

NFIB is concerned with language – 15-603 (C) – that would place new notification requirements on employers. Specifically, an employer would be required, under HB393, to notify the debtor, in writing, of the amount of wages exempt from attachment, the method used to calculate the amount of attachable wages, and the procedure by which a debtor can protest the attachment.

This requirement should be the duty of the judgement creditor. A creditor is already saddled with reporting requirements to the employer under 15-605 of the Commercial Law statute. Adding this new requirement to a creditor makes more sense than an employer. A creditor is in a better position to know how the amount of attachable wages was calculated rather than an employer who, under current law, acts as an intermediary between creditor and debtor.

For these reasons, **NFIB opposes HB393** as introduced, and requests an unfavorable report.

Encore Capital Group_Opposition Letter to MD HB 39

Uploaded by: Sonia Gibson

Position: UNF

encore
CAPITAL GROUP
Better Solutions. Better Life.

January 24, 2025

House Bill 393 (House Economic Matters Committee)

Encore Capital Group - Memorandum in Opposition

Dear Members of the House Economic Matters Committee:

On behalf of Encore Capital Group, Inc. and its wholly owned subsidiaries (collectively, "Encore"), I'm writing in **opposition** to House Bill 393. This legislation would automatically exempt a significant population of judgment debtors from any wage garnishment, with no consideration of their financial circumstances or ability to repay. Wage garnishment is a critical way that debtors repay their obligations as ordered by the courts. This legislation is not only drastic and unnecessary, but it is also completely unworkable as drafted because it shields a debtor's income by household ***size*** – information that a creditor or employer processing the garnishment order would not generally know. This extreme legislation would eliminate wage garnishment for most judgment debtors, reduce the recovery of unpaid debts, and ultimately reduce access to credit for thousands of Maryland consumers. The issues with the Bill are myriad, and include:

- **The Average Judgment Debtor Would Be Automatically Exempt from Any Wage Garnishment.** Current Maryland law already protects 75% to 100% of take-home wages from garnishment depending on the level of the debtor's earnings. However, this proposal would entirely exempt a judgment debtor in a four-person household making $58,500 or less *gross* individual income. This level of automatic exemption is far greater than the average individual's income in Maryland of $51,689.[1] We support exempting consumers in hardship - as evidenced by our industry-first Consumer Bill of Rights - but the proposal is not based on true consumer need, and would make debtors judgment proof, regardless of whether other household members have income, with no questions asked.

- **The Legislation Is Unworkable, as it Ties to Household Size, Which a Judgment Debtor's Employer Does Not Know.** The proposed language exempts from garnishment debtors earning between $28,170 and $97,470 in gross individual income[2] based on the size of their household. However, the size of the judgment debtor's household is not information that creditors and employers know or are entitled to know, so implementing this provision would be nearly impossible.

- **Enacted Bills in Recent Years Have Already Created Significant Wage and Bank Garnishment Reforms.** Maryland has already enacted legislation drastically restricting wage and bank garnishment multiple times over the past several years. In 2020, House Bill 365 was enacted

[1] U.S. Census Bureau, located at https://www.census.gov/quickfacts/fact/table/MD/BZA110222.
[2] Approximating a 20% difference between gross and disposable (net) wages

that more than doubled the floor level for exempt salaries by creating a wage garnishment formula dependent on state, instead of federal, minimum wage. HB 365 also created automatic wage garnishment exemption increases as state minimum wage increases. Beyond that legislation, in 2023 House Bill 42 increased Maryland's bank garnishment exemption to an automatic $500 across the board, regardless of income. This protection applies in addition to the state's wage garnishment protections. It would be premature for the Legislature to pass another proposal to hamper the ability to recover on judgments without waiting to see the impacts of the recent changes in law.

- **This Legislation Will Cause the Availability of Affordable Credit to Decline for Maryland Consumers.** The unintended consequence of this legislation is that it will hamper the efforts of judgment creditors to collect (through wage garnishment) on the valid judgments they hold. There is a significant amount of academic research, however, finding that creating barriers to the legitimate collection of debt results in higher interest rates and less access to credit for low credit score consumers. Most recently, research by the Consumer Financial Protection Bureau in 2023 showed that decreasing garnishment by just $1 per week decreases median credit card limits by $10.04, and that the National Consumer Law Center's Model Family Financial Protection Act (which House Bill 393 appears to emulate) would decrease credit limits by $1,294 per consumer[3]. As a result, if this Bill were to pass, access to affordable credit will be restricted for Maryland consumers who need it the most.

To address the concerns of debtor hardship, we would support wage garnishment exemptions for debtors who notify their creditors of a medical or financial hardship. Unfortunately, rather than consider a need-based proposal, this legislation would largely eliminate wage garnishment for the vast majority of judgment debtors.

For the reasons above, we oppose HB 393 and urge you to issue an Unfavorable Report.

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Thank you for your attention to this important matter. Please feel free to contact me directly at sonia.gibson@encorecapital.com for any further information.

Sincerely,

Sonia Gibson

Sonia Gibson
Director, National Government Affairs

[3] *Using the Courts for Private Debt Collection: How Wage Garnishment Laws Affect Civil Judgments and Access to Credit.* Consumer Financial Protection Bureau (2023).

HB 393.pdf
Uploaded by: Tonaeya Moore
Position: UNF

HB 393 - Commercial Law - Attachment of Wages – Exemptions
(Exempt Income Protection Act)
House Economic Matters Committee
January 28, 2025
Opposition

Chair Wilson, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in respectful opposition to House Bill 393. This bill will effectively roll back wage protections for low-income households and families living paycheck to paycheck.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than $10,000 annually. More than half earn less than $20,000.**

HB393 alters the way in which wages are protected from garnishment. In 2020, this committee and the General Assembly passed HB0365/SB425 which updated debt exemption in Maryland for the first time in more than 30 years to allow individuals to keep the greater of 75% of wages or 30 times the Maryland minimum wage.

HB393 would shift the calculation of wages that are exempt from garnishment. HB393 would retain the 75% of disposable wages but strike 30 times the Maryland minimum wage and replace it with 150% of the federal poverty level for weekly income based on the household size.

HB393 provides a modest $20 increase in protection from current law but in practice would make it difficult for families to receive that $20 increase. To prove household size, the debtor would have to go to court or somehow attest or otherwise prove household size. Essentially, fewer families would receive the $20 increase, and the majority of low-income households would see a reduction in protections.

For these reasons, we respectfully oppose HB393 and urge an unfavorable report.