



SB 614 - Consumer Protection - Credit Reporting - Medical Debt

(Fair Medical Debt Reporting Act)

Committee: Senate Finance Committee

Date: February 20, 2025

Position: Unfavorable

The Maryland Bankers Association (MBA) **OPPOSES** SB 614, which prohibits a consumer reporting agency from providing a report or maintaining a file that contains a consumer's medical debt. The legislation also prohibits the use of medical debt included in a consumer report in a determination of a consumer's creditworthiness.

In 2003, Congress passed the Fair and Accurate Credit Transactions Act, otherwise known as FACTA. FACTA protects a creditor's right to obtain medical debt information when determining the creditworthiness of a potential borrower. The Consumer Financial Protection Bureau finalized a rule last month overturning that protection, but the CFPB put the rule on hold after a lawsuit was filed in the U.S. District Court for the Eastern District of Texas.

When banks determine a potential borrower's creditworthiness, they rely on reports developed by consumer reporting agencies to provide accurate information on outstanding debts and payment history. Having access to information on all debts, no matter the source, helps lenders understand a potential borrower's credit risk and ability to repay. Without knowing the full extent of a borrower's debts, lending practices will be altered in a way that ultimately reduces access to credit.

Accordingly, MBA urges issuance of an **UNFAVORABLE** report on SB 614.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding more than \$194 billion in deposits in almost 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.