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SB 0094

March 31, 2026

**TO:** Members of the Economic Matters Committee  
**FROM:** Nina Themelis, Director, Mayor's Office of Government Relations  
**RE:** Senate Bill 94: Commercial Law - Earned Wage Access - Revisions  
**POSITION:** Support

Chair Valderrama, Vice Chair Charkoudian, and Members of the Committee, please be advised that the Baltimore City Administration (BCA) **supports** Senate Bill (SB) 94.

Baltimore City has an interest in protecting its citizens from predatory lenders. "Earned Wage Access" or "EWA" products are loans that target low-income workers living paycheck to paycheck. These digital lending platforms often use misleading marketing, charge usurious interest rates, and trap vulnerable consumers in cycles of debt. Baltimore City has two active litigations against EWA lenders for unfair and deceptive trade practices.

The well-funded companies pushing these loans have successfully lobbied to have their loans excluded from Maryland's usury cap, among other requirements. The industry-supported, existing law also specifically allows EWA lenders to ask consumers for tips on top of fees.

EWA lenders argue their loans should not be subject to the same consumer protection laws as other lenders because they do not use certain collection mechanisms. The EWA lenders' arguments that their loan fees and tips should not be considered finance charges has been rejected by every federal court to consider the matter.<sup>1</sup> In reality, EWA lenders do not have to use credit reporting or lawsuits to collect because they have a more reliable collection mechanism. EWA lenders will not issue a loan without a contract for direct debit of a paycheck or bank account and therefore will almost always be repaid. EWA lenders have cut the line of bills and other creditors through direct access to consumer's paychecks or bank accounts and the use of sophisticated algorithms that monitor paycheck deposits.

Categorizing additional fees paid to the company rather than an individual employee as "tips" is deceptive and unfair. Adding tips at the end of a checkout process reduces pricing transparency, functions as an undisclosed additional finance charge and pressures consumers to pay more. Finally, there is no reason EWA lenders should be exempt from nondiscrimination requirements governing other consumer and commercial loans.

So, although SB 94 does not go far enough, it is a crucial first step towards correcting Maryland law and protecting Maryland consumers from predatory short-term lenders.

For these reasons, the BCA respectfully requests a **favorable** report on SB 94.

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<sup>1</sup> See *Terrance Moss v. Klover Holdings Inc.*, No. 25-CV-5758, 2026 WL 622653 (N.D. Ill. Mar. 5, 2026) (interpreting the Truth in Lending Act and Military Lending Act and citing *Johnson v. Activehours, Inc.*, 2025 WL 2299425 (D. Md. Aug. 8, 2025); *Russell v. Dave Inc.*, 2025 WL 3691977 (C.D. Cal. Dec. 12, 2025), appeal docketed, No. 26-12 (9th Cir. Jan. 2, 2026); *Moss v. Cleo AI Inc.*, 799 F. Supp. 3d 1152 (W.D. Wash. 2025); *Orubo v. Activehours, Inc.*, 780 F. Supp. 3d 927 (N.D. Cal. 2025); *Revell v. Grant Money, LLC*, 2025 WL 3167318 (N.D. Cal. Nov. 5, 2025); *Vickery v. Empower Fin., Inc.*, 2025 WL 2841686 (N.D. Cal. Oct. 7, 2025), appeal docketed, No. 25-6377 (9th Cir. Oct. 9, 2025).