

Greetings Honorable Finance Committee Senators,

My name is Ashley Burns, and I am a currently serving active duty in the uniformed services here in Maryland as a Public Health Service commissioned officer. I am providing testimony today on my own personal time to support SB0317, which was introduced to regulate credit for uniformed service members. First, I want to disclose my testimony represents my own personal view as a citizen and not representing the view of any organization including the federal government and its eight uniformed service branches.

The Servicemembers Civil Relief Act currently caps pre-service debt to 6%. The Military Lending Act caps interest on new debt to 36%, and it does not apply to all types of debt. In my opinion, neither go far enough to provide financial security to our uniformed service members. Debt incurred while on active duty can be just as difficult, if not more so, to pay down as pre-existing debt can be. Therefore, it never made sense to me that interest rates should be capped to 6%, and at a 36% cap, the Military Lending Act does too little to meaningfully restrict interest rates that can be charged to a uniformed service member serving on active duty.

Military life can lead to more debt than for the average person since service members tend to leave their homes and support systems at an earlier age, have less of a financial safety net early on in their careers, may be stationed in areas with a high cost of living, and experience frequent moves and deployments which can negatively impact spouse employment opportunities and earnings. The mental strain from excessive debt can affect one's job performance and impact mission readiness, and service members are already at risk of chronic anxiety, depression, and PTSD due to the very nature of their jobs. Besides health effects and relationship strains, the consequences of unmanaged debt can include losing security clearance, wage garnishment, poor performance evaluations, loss of promotion, engaging in unethical or illegal financial gain opportunities, and disciplinary actions. Poor debt management can also result in a low credit score. Consequently, this perpetuates the debt cycle and financial instability by raising subsequent borrowing costs, denying credit outright, and impacting adjustment to civilian life after leaving service.

In closing, although I have been fortunate enough to not have problems with unpaid debts, this is not the case for many uniformed service members. I hope you agree it is critical to protect those protecting us so they can focus on the mission. By extending the 6% interest cap afforded by the Service Members Civil Relief Act to debts incurred while on active duty as SB0317 intends to do, you can positively impact the financial foundation for uniformed service members. Thank you for your time today and thoughtful consideration.

Very respectfully,

Ashley Burns