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Chair William C. Smith, Jr.
Senate Judicial Proceedings Committee

Re: Testimony in Support of House Bill 1520
Courts – Exemption From Judgment – Alterations
and Additions
Submitted to the Maryland Senate Judicial
Proceedings Committee
Hearing Date: March 31, 2026

Dear Chair and Members of the Senate Judicial Proceedings Committee:

My name is Terry L. Goddard Jr. and since 2007 I have focused a large portion of my legal practice in the area of consumer bankruptcy, first in Arizona until 2010, and then in Maryland since 2010. During that time I have represented hundreds of families and individuals in Chapter 7 and Chapter 13 cases, primarily from southern and central Maryland. Contrary to many popular conceptions of consumer bankruptcy debtors as individuals looking to skirt their financial responsibilities, my clients are working people—teachers, nurses, veterans, seniors, and young families—who have been overwhelmed by large unexpected life events like serious medical issues, job loss, divorce, or the lingering effects of the pandemic and inflation. I submit this testimony in strong support of HB 1520 and respectfully urge the Committee to issue a favorable report and recommend its passage.

HB 1520, in conjunction with any resulting legislation arising from HB 1098 and SB 939, is a long-overdue modernization of Maryland's exemption laws under the Courts and Judicial Proceedings Article. On its own, HB 1520 accomplishes two critical things:

1. It increases the general exemption for household furnishings, goods, wearing apparel, appliances, books, pets, and similar personal and family items from the current \$1,000 to \$5,000 (with a \$10,000 exemption for the elderly and/or disabled); and
2. It adds new, targeted protections: up to \$3,000 for firearms; up to \$10,000 for one motor vehicle necessary for work, trade, or education, not merely a motor vehicle used to commute to work, but one that is necessary for the individual's occupation or trade (increasing to \$25,000 for debtors who are elderly—at least 60—or disabled); and full

protection for federal child tax credit and earned income tax credit payments paid under Section 24 or 32 of the Internal Revenue Code.

These proposed changes are not radical; they simply reflect economic reality and are targeted to specific assets. HB 1098 and SB 939 recognize this same issue as it applies to a debtor's home. Maryland's median home value now exceeds \$450,000. Yet our bankruptcy homestead exemption has remained stuck near the federal floor for years. In my practice, this outdated limit regularly forces homeowners with modest equity—often built over decades—into impossible choices. Some must surrender their homes in Chapter 7. Others are pushed into Chapter 13 plans with payments they cannot sustain, only to face dismissal and renewed collection pressure.

HB 1520 recognizes this same issue as it relates to other assets of a debtor and gives those same families a meaningful fresh start. The vehicle and household-goods increases are just as practical. Many of my clients are elderly or disabled and depend on a reliable car to reach medical appointments, pharmacies, or part-time jobs. Under current law, that car is often at risk. The bill's \$25,000 enhanced exemption for these vulnerable debtors will prevent unnecessary hardship without harming creditors.

The addition of a motor vehicle exception is consistent with the General Assembly's approach in 2020 with the passage of HB 280/SB 234. In that session, pursuant to HB 280/SB 234, the General Assembly removed the ability of the Motor Vehicle Administration to suspend a judgment debtor's driver's license and/or registration for failure to pay a civil judgment arising out of an automobile accident. In essence, the General Assembly sought to allow people to address their outstanding liabilities by protecting their ability to attend and maintain gainful employment. The proposed motor vehicle exception addresses the same issue.

Further, the motor vehicle exemption proposed in HB 1520 is in line with states that have a specific motor vehicle exemptions as follows:

Alaska (\$3,000 with a vehicle value cap of \$20,000)
Arizona (\$15,000 or \$25,000 for debtor's with a physical disability and adjusted annually)
Arkansas (\$1,200)
California (\$7,500)
Colorado (\$15,000 or \$25,000 when dependents are elderly or have a disability)
Connecticut (two motor vehicles up to \$7,000)
Delaware (\$25,000)
Florida (\$1,000)
Georgia (\$5,000)
Hawaii (\$2,575)
Idaho (\$10,000)
Illinois (\$2,400)
Iowa (\$7,000)
Kansas (\$20,000, if vehicle modified to assist with disability there is no limit)
Kentucky (\$2,500)
Louisiana (\$7,500)

Maine (\$10,000)
Massachusetts (\$7,500 or \$15,000 if owned or substantially used by someone over 60 or with a disability)
Michigan (\$2,775)
Minnesota (\$10,000, \$25,000 for vehicle used by or for the benefit of a disabled person, \$100,000 if modified to accommodate a person with a disability, or \$12,500 if the vehicle is necessary for a trade, profession, or business)
Missouri (\$3,000)
Montana (\$4,000)
Nebraska (\$5,000)
Nevada (\$15,000 or no limit on a vehicle equipped for a person with a disability)
New Hampshire (\$10,000)
New Mexico (\$10,000)
New York (\$4,000 or \$10,000 if the motor vehicle is equipped for the filer's disability)
North Carolina (\$3,500)
North Dakota (\$10,000 or \$50,000 if the vehicle is modified to assist with disability at a cost greater than \$1,500)
Ohio (\$3,225)
Oklahoma (\$7,500)
Oregon (\$10,000)
Rhode Island (\$12,000)
South Carolina (\$5,000)
Utah (\$3,000)
Vermont (\$2,500)
Virginia (\$10,000)
Washington, DC (\$2,575)
West Virginia (\$7,500)
Wisconsin (\$4,000 or up to \$12,000 from unused household goods exemption)
Wyoming (\$5,000).

The proposed exemption in Maryland would join us with these 41 states and the District of Columbia that recognize a specific motor vehicle exemption.

HB 1520 also seeks to protect very specific income tax credits. The protection of these tax credits ensures that the very refunds designed to lift working families out of poverty are not seized the moment they hit a bank account.

I have seen firsthand how inadequate exemptions trap people in cycles of debt. When families lose their car or basic household items, they cannot get to work, care for children, or maintain stability—leading to further defaults and, often, repeat filings. By contrast, when debtors keep the tools of daily life, they rebuild faster, pay future bills, and contribute to their communities. Stronger exemptions are not “pro-debtor” at the expense of creditors; they are pro-stability and pro-economic recovery.

HB 1520 also includes thoughtful protections for those with disabilities and seniors—groups that have sacrificed for our state and deserve every reasonable safeguard. These

provisions are narrowly tailored and fully consistent with Maryland's long-standing policy of shielding basic necessities from judgment creditors.

In short, this bill, in conjunction with HB 1098 and SB 939, updates laws that have not kept pace with inflation or housing costs for more than a decade. It aligns Maryland more closely with the national trend toward meaningful debtor protections while remaining balanced and fair. I join Maryland Legal Aid and other consumer advocates who have already testified in strong support.

I respectfully urge the Committee to pass HB 1520 without delay. Its effective date of October 1, 2026, will give practitioners and the courts time to implement these common-sense reforms. I am happy to answer any questions or provide additional case examples from my practice.

Thank you for the opportunity to testify.

Respectfully submitted,

Terry L. Goddard Jr.

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