



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

March 31, 2026

Subject: Testimony of the National Association of Consumer Bankruptcy Attorneys (NACBA) In Support of House Bill 1520: An Act Concerning Courts – Exemption from Judgment – Alterations and Additions

Chair Smith, Vice Chair Waldstreicher, and Members of the Committee:

On behalf of the National Association of Consumer Bankruptcy Attorneys (NACBA), we respectfully submit this testimony in support of House Bill 1520 and respectfully urge the Committee to issue a favorable report and recommend its passage.

NACBA is the only national organization dedicated to supporting consumer bankruptcy attorneys and protecting the rights of consumer debtors. Our Maryland members represent working individuals and families, seniors, veterans, and individuals with disabilities who rely on fair and modern exemption laws when facing financial hardship.

HB 1520 is a necessary and long-overdue step to modernize Maryland's exemption laws so they reflect today's economic realities and protect working families from losing the basic tools needed to recover. It makes several critical updates:

1. First, it increases the general exemption for essential personal and household items—including household furnishings, goods, wearing apparel, appliances, books, and pets—from \$1,000 to \$5,000. For individuals who are elderly or living with a disability, that protection increases to \$10,000;
2. Second, the bill establishes new, targeted protections for essential assets. It creates an exemption of up to \$3,000 for firearms. It also provides a motor vehicle exemption of up to \$10,000 for a vehicle that is necessary for a debtor's occupation, trade, or education, not merely for commuting, but for the actual performance of work or participation in an educational program. For individuals who are elderly (age 60 or older) or living with a disability, that protection increases to \$25,000; and

National Association of Consumer Bankruptcy Attorneys

818 18th Street NW

Suite 810 #7167

Washington, D.C. 20006

TELEPHONE 800.499.9040

FACSIMILE 202.331.8535

WEB www.nacba.org

3. Third, HB 1520 ensures full protection for certain federal tax credits, including payments made under Sections 24 and 32 of the Internal Revenue Code, commonly known as the Child Tax Credit and the Earned Income Tax Credit. These funds are specifically intended to support working families and should remain available to meet basic needs, rather than being subject to collection.

Maryland's current exemption framework is antiquated and insufficient to protect the basic assets individuals need to maintain employment and stability. For many Maryland families, existing limits fall far below the value of essential items such as reliable transportation and household goods, leaving them vulnerable to deeper financial hardship even when seeking relief through the bankruptcy system.

Maryland is also increasingly out of step with peer states that have taken action in recent years to modernize their exemption laws. States such as Delaware, Virginia, Florida, and Connecticut have all updated their exemption frameworks within the past several years to better reflect current economic conditions and cost of living. For example, Virginia provides a wildcard exemption of at least \$5,000 (with additional amounts for dependents and older filers), Connecticut allows a motor vehicle exemption of approximately \$7,000, and Florida recently increased its motor vehicle exemption to \$5,000.¹ These updates recognize that outdated exemption limits undermine the effectiveness of bankruptcy as a tool for financial recovery.

Without action, Maryland risks remaining one of the least protective states in the region.

National research reinforces this need for reform. A recent report by the National Consumer Law Center, *No Fresh Start: How States Let Debt Collectors Push Families into Poverty*, finds that weak exemption laws can strip families of essential assets and prolong financial instability.²

This issue is particularly acute when it comes to transportation. In today's economy, reliable transportation is directly tied to employment. The average cost of a used vehicle now exceeds \$25,000,³ and even modest, high-mileage vehicles routinely exceed current exemption limits. At the same time, the vast majority of Maryland workers rely on

¹ See, e.g., Virginia Code § 34-4 (wildcard exemption); Connecticut General Statutes § 52-352b (motor vehicle exemption); Florida Statutes § 222.25 (motor vehicle exemption).

² National Consumer Law Center, *No Fresh Start: How States Let Debt Collectors Push Families into Poverty* (2023), available at [No Fresh Start report](#).

³ Cox Automotive, [Average Used Vehicle Listing Price \(2024–2025 trends\)](#), showing average used vehicle prices exceeding \$25,000.



a personal vehicle to get to work.⁴ When a debtor loses a vehicle due to insufficient exemption protection, it often triggers a cascade of consequences, including job loss and deeper financial instability.

HB 1520 directly addresses this reality by increasing the motor vehicle exemption to a more practical level and by providing enhanced protections for individuals who are elderly or living with a disability. These individuals are disproportionately impacted by transportation loss and often have fewer alternatives available. Ensuring they can retain a reliable vehicle is not only fair—it is essential to maintaining independence and stability.

The bill also strengthens protections for elderly individuals and those with disabilities more broadly. These Marylanders often live on fixed incomes and face additional barriers to financial recovery. Updating exemption amounts ensures they are not left without essential household goods or resources needed for daily living and medical care.

Strong exemption laws are a cornerstone of a functional bankruptcy system. Bankruptcy is not about avoiding responsibility, it is a structured, court-supervised process that balances the rights of creditors with the broader public interest in allowing individuals to regain financial footing. When exemption laws are outdated, they undermine that balance and make it significantly harder for individuals to recover.

Maryland families deserve more than a technical fresh start, they deserve a meaningful one. HB 1520 advances that goal by ensuring that individuals emerging from financial hardship are able to retain the basic tools necessary to rebuild their lives.

For these reasons, NACBA respectfully urges a favorable report on HB 1520.

Thank you for your consideration.

Respectfully submitted,
National Association of Consumer Bankruptcy Attorneys

Submitted by: Krista D'Amelio, Director of Government Affairs and Communications
National Association of Consumer Bankruptcy Attorneys
krista.damelio@nacba.com

⁴ U.S. Census Bureau, [American Community Survey \(ACS\)](#) – Commuting Characteristics for Maryland workers (majority commute by personal vehicle).