



**HB 1520– Courts – Exemption from Judgment – Alterations and Additions
Hearing on March 31, 2026 – Senate Judicial Proceedings Committee
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on HB 1520 in response to a request from Delegate Chris Tomlinson.

Maryland Legal Aid (MLA) is a non-profit law firm that provides free legal services to the State's low-income and vulnerable residents, including abused and neglected children, nursing home residents, and veterans. Maryland Legal Aid (MLA) appreciates the opportunity to testify in support of this vital legislation. We are the state's largest nonprofit law firm, representing thousands of low-income Marylanders every year in civil legal cases involving a wide range of issues, including family law, housing, public benefits, and consumer law. Housing and consumer cases involving a threat to housing are the largest portion of MLA cases. Exemptions permit persons to retain a basic amount of personal and real property and reduce or eliminate their need to turn to the State for food, shelter and family support. Because HB 1520 creates additional protections for person to retain personal property through increased exemptions that could be claimed inside and outside of bankruptcy, MLA testifies in strong support of HB 1520.

Maryland has not increased or added to its overall exemptions in decades. The National Consumer Law Center has given Maryland a grade of D overall for exemptions and F for protection of the home.¹ HB 1520 provides important exemptions from judgment for personal items that allows citizens of Maryland to retain basic personal items that they need in order to work and care for themselves and their families. One important addition to the exemption scheme in HB 1520 is that the proposed legislation allows a \$10,000 exemption for a personal automobile. Current law does not allow a person to protect the vehicle they almost certainly need to get to work to pay their bills and support themselves and their families HB 1520 rectifies this issue.

Another key protection of HB 1520 is that it also provides for any child tax credit or earned income tax credit that a debtor receives to be exempt from judgment. For many low income persons that are not able to save money throughout the year, their tax refund is an important source of funds that permits them to catch up on bills and support their family. HB 1520 allows parents to keep the full amount of a tax credit that they desperately need. MLA has represented a debtor who had to turn over their tax refund to creditors because the refund was not exempt in a bankruptcy. Allowing a person to keep their refunds and tax credits supports families to meet their financial obligations and care for their household needs.

A state's exemptions are not a way for debtors to get out of paying debt, but are a choice of what the state determines to be of value. If a debtor has a \$4.5 million dollar 401K, that is

¹ https://www.nclc.org/wp-content/uploads/2026/01/2025.12_Report_No-Fresh-Start.pdf

completely protected by Maryland's exemption statute. If a debtor has a \$10,000.00 car, however, it is not protected at all from creditors. The current Maryland exemption statute harms Marylanders in financial trouble that have the fewest assets and fewest options- the old, the urban poor and the rural poor. MLA testifies in strong support of HB 1520 because it seeks to correct this imbalance. If you have further questions, please contact William Steinwedel, Deputy Advocacy Director for Homeownership Preservation, at wsteinwedel@mdlab.org.