

HB 1520 Testimony - CPD - 3.27.26.pdf

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Position: FAV

CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

SHARON S. MERRIWEATHER
Deputy Attorney General

ZENITA WICKHAM HURLEY
Deputy Attorney General



**STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION
LENDING & FINANCE UNIT**

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

WILSON M. MEEKS, III
Unit Chief

PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief of Staff

DAVID A. BENNER
Assistant Attorney General

March 27, 2026

TO: The Honorable William C. Smith, Jr., Chair
Judicial Proceedings Committee

FROM: David A. Benner, Assistant Attorney General

RE: House Bill 1520 – Courts – Exemption from Judgment – Alterations and Additions (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General (the “Division”) supports House Bill 1520, sponsored by Delegates Tomlinson, Conaway, Simmons, Taylor, and Valentine. House Bill 1520 would increase the monetary value of the exemption for household goods from judgment attachment for the first time since 2004 and would introduce additional categories of reasonable exemptions, as described below. The Division has historically been supportive of efforts to increase consumer exemptions from judgment collection, which have failed to keep up with increases in the cost of living.

Consumer debt collectors often purchase charged-off consumer debt at a fraction of its face amount and then sue to collect the full amount. These actions frequently go to judgment without a hearing, without proof that the debt is owed, and without a meaningful opportunity for consumers to contest the validity of these debts. Consumers may face default judgments against them due to lack of notice, being unable to take time off work, language barriers, barriers arising from age or lack of sophistication, or the inability to obtain or afford an attorney. Increased exemptions protect consumers by allowing them to maintain their basic needs after a judgment, particularly if the judgment was obtained unfairly.

House Bill 1520 increases the exempt cash value of household goods for the first time since 2004, from the current level of \$1,000, to \$5,000 for most consumers and to \$10,000 for the elderly and for individuals living with disabilities. The legislation further adds a \$10,000 motor vehicle exemption for vehicles “necessary for practice of the debtor’s occupation, trade, or enrollment” in school. This exemption increases to \$25,000 for the elderly and disabled. It also

introduces exemptions for the federal Child Tax Credit and the federal Earned Income Tax Credit.

Given the significant increases in the cost of living in recent years, the Division supports increasing the existing monetary exemption for household goods from judgment attachment for the first time since 2004, and it supports the introduction of certain reasonable new exemptions. The Division asks for a favorable report.

Cc: The Honorable Chris Tomlinson, Frank M. Conaway, Jr., Gary Simmons, Kym Taylor, and William Valentine.

Members, Judicial Proceedings Committee

NACBA_Senate Testimony_MD HB 1520_3.31.2026.pdf

Uploaded by: Krista DAmelio

Position: FAV



**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).

Senate Testimony HB1520.pdf

Uploaded by: Terry Goddard

Position: FAV

LAW OFFICES
OF
SKEEN & KAUFFMAN, L.L.P.
9256 BENDIX ROAD, SUITE 102
COLUMBIA, MARYLAND 21045

TERRY L. GODDARD JR.
TELEPHONE (410) 625-2272
FACSIMILE (410) 625-2292
EMAIL tgoddard@skaufflaw.com

March 27, 2026

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.

Terry L. Goddard Jr.

HB 1520 -- Senate Testimony.pdf

Uploaded by: William Steinwedel

Position: FAV



**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.

HB1520 - MBA - UNF in JPR - GR26.pdf

Uploaded by: Evan Richards

Position: UNF



HB 1520 – Courts - Exemption From Judgment - Alterations and Additions

Committee: Senate Judicial Proceedings Committee

Date: March 31, 2026

Position: Oppose

The Maryland Bankers Association (MBA) **OPPOSES** HB 1520. This legislation expands and increases the types and values of property that a person can protect from being seized to satisfy a judgment or during bankruptcy. While MBA recognizes the intent to support vulnerable Marylanders, the bill's sweeping expansion of asset exemptions would significantly undermine the stability of the state's credit markets.

HB 1520 dramatically increases the categories and dollar amounts of property exempt from judgment. These changes include substantial increases in exemptions for household goods, as well as the creation of new exemptions for motor vehicles and firearms. These provisions, while well-intentioned, have far-reaching consequences for Maryland's lending environment.

By shielding large amounts of personal property, the bill significantly reduces the assets available to satisfy outstanding debts. When lenders cannot rely on collateral or post-judgment remedies, they must compensate for heightened risk by tightening underwriting standards or restricting access to credit altogether, particularly for borrowers with limited financial history or lower incomes. These outcomes run counter to Maryland's goals of promoting financial inclusion and affordable credit.

MBA remains committed to working collaboratively with the General Assembly to craft more balanced solutions that support Marylanders in genuine financial distress while preserving equitable lending practices, maintaining incentives for responsible repayment, and upholding the core values of personal accountability and willingness to work. Accordingly, MBA urges issuance of an **UNFAVORABLE** report on HB 1520.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding \$194.8 billion in deposits in over 1,100 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.