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## **SB 425: Debt Collection – Exemptions From Attachment and Execution**

Hearing before the Finance Committee, Feb. 14, 2020

Position: SUPPORT

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Workplace Justice Project works to expand and enforce the right of low-wage workers to an honest day's pay for an honest day's work. The PJC supports SB 425, which would raise the debt exemption threshold to account for the increasing cost of living.

SB425 will help families living in poverty provide for their basic needs. It is expensive to be poor. The cost of basic needs like rent, food, and energy has risen faster than other goods and services.<sup>1</sup> Due in part to this reality, nearly two-thirds of Americans have no emergency savings for things such as a \$1,000 emergency room visit or a \$500 car repair.<sup>2</sup> As a result, low-income families often must incur debts when there are emergency expenses. As the law stands now, low-wage workers may have even their very low wages garnished. HB 365 will raise the exemption threshold, allowing these workers to shield more of their earned wages from creditors. In that way, SB 425 will make it less difficult for low-wage workers to provide for their basic needs.

HB 365 addresses a problem facing many of the Public Justice Center's clients—who already contend with the theft of their wages. The clients of the PJC's Workplace Justice Project work in places like restaurants, assisted living facilities, and construction sites, and do work such as cleaning and direct care that society often takes for granted. They come to us when they have been victimized by wage-theft practices that deprive them of their hard-earned wages. Low-wage workers are especially likely to be victimized by wage-theft practices such as nonpayment of minimum wages or off-the-clock work required by the employer.<sup>3</sup> At the same time, our low

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<sup>1</sup> *It's Expensive to Be Poor*, The Economist, Sept. 3, 2015, available at <https://www.economist.com/news/united-states/21663262-why-low-income-americans-often-have-pay-more-its-expensive-be-poor>.

<sup>2</sup> *Most Americans Are One Paycheck Away from the Street*, MarketWatch, Jan. 31, 2016, available at <https://www.marketwatch.com/story/most-americans-are-one-paycheck-away-from-the-street-2016-01-06>.

<sup>3</sup> *Employers Steal Billions from Workers' Paychecks Each Year*, Economic Policy Institute, May 10, 2017, available at <https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year-survey-data->

wage clients often have debts from expenses like emergency hospital stays or rent disputes. These debts often lead to garnishments of their already very low wages—keeping them and their families in a perpetual financial crisis that threatens homelessness and hunger and worsens their and their families' mental health. HB 365 would address this problem and give our clients an opportunity to keep a roof over their children's heads and pay for other basic human needs before paying debt collectors.

For the foregoing reasons, the PJC SUPPORTS HB 365 and urges a FAVORABLE report. Should you have any questions, please call David Rodwin at 410-625-9409 ext. 249.