



**SB 425 -Debt Collection - Exemptions From Attachment and Execution  
February 14th, 2020  
SUPPORT**

Chair Kelley, Vice-Chair and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 0425. This bill protects low income families from having a large amount of their wages garnished, and it protects property insurance payments from garnishment as well.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy.

This bill changes the amount of wages of a judgment debtor that are exempt, and it also includes property insurance payments that are given for restoration, remediation work, or replacement in the exemption. This is important, because families should not be garnished to the point that they are under the federal poverty line. Families near or below the federal poverty line experience financial volatility, which could lead to a domino effect of adverse events.

SB 425 updates a portion of our law that has not been updated in 30 years. Just because this law has not been updated, does not mean that the power of money has stayed the same. Currently, the law will protect \$217.50 per week from wage garnishment. \$217.50 a week in 1990 is the same purchasing power as \$108.10 a week in 2020 . At the same time, the cost of food, housing, and transportation<sup>1</sup> have increased. This means that through wage garnishment, low income families have little left over to cover basic needs. When families face financial hardships, they make difficult decisions. These decisions can have negative financial effects that hurt families in the long run.

SB 425 protects property insurance payments for certain reasons. Property insurance payments are used to replace or repair property damage. These funds should be protected. Damaged property is not only an inconvenience, but it can also leave families vulnerable to weather, rodents, and further damages that will cost more to fix in the future.

Both parts of this bill ensures that people are not entered into a cycle of debt. The bill will guarantee that people will be able to provide for themselves and their families through their wages instead of on credit.

People and families should be given the opportunity to pay their debts without being in risk of entering below the federal poverty line, and they should be to repair or replace property that is damaged.

**Thus, we encourage you to return a favorable report on SB 425.**

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<sup>1</sup> [https://www.bls.gov/data/inflation\\_calculator.htm](https://www.bls.gov/data/inflation_calculator.htm)