

Governor Larry Hogan
Office of the Governor
100 State Circle
Annapolis, MD, 21401-1925

April 21, 2020

Re: Request for temporary COVID-19 stay of post-judgement writs of garnishment

Dear Governor Hogan:

Thank you again for your swift action to stay all residential evictions, eviction proceedings and foreclosure proceedings in Maryland as well as utility shut-offs. Your actions will truly benefit thousands of households across Maryland as families struggle to manage their finances in the midst of this pandemic. We appreciate your thoughtful leadership during this critical time.

We, the undersigned organizations, write to you today with additional requests to assist financially fragile households during this unprecedented health crisis which is upending our economy and with it, the economic stability of many Maryland families.

As you know, the federal government recently made increased unemployment benefits and rebates of up to \$2,400 per couple, and \$500 per child, available in the Coronavirus Aid, Relief, and Economic Security (CARES) Act to enable families to subsist during the crisis. Maryland law allows judgement creditors to use garnishment and other post-judgement judicial procedures to seize this money. We urge you to temporarily suspend garnishment, offsets, and post-judgement collection efforts to ensure that the funds made available by the federal government serve their intended purpose.

An April 2nd article in the *Baltimore Sun* reported that 84,000 Maryland residents have already filed for unemployment as a result of the coronavirus pandemic. The Economic Policy Institute estimates that 347,146 people in Maryland may be laid off or furloughed by July 2020, with nearly 25% of the job loss from the hotel, retail, and leisure sector.

The unemployment benefits and rebates are needed to enable families to provide housing, food, medicine, and utilities for their households. More than 40% of Americans don't have \$400 in savings for an emergency, and we now face an urgent crisis that has no clear end date in sight.

Request for stay of post-judgement collection

MCRC's 2018 report "*No Exit: How Maryland's Debt Collection Practices Deepen Poverty & Widen the Racial Wealth Gap*" found that in 76,611 Marylanders faced garnishment in 2016: 48,868 had their wages garnished, and 27,744 had a bank account seized. These garnishments had a disparate impact on

communities of color as 43% of non-white residents had at least one debt in collection, while only 19% of white borrowers had a debt in collection. 20% of non-white individuals had student loan debt compared to 14% of white residents.

While it is clear that hearings on non-essential matters have been stayed, the status of post-judgement collection processes and procedures is unclear. Requests for writs of garnishments can be filed and the writs issued and served without the need for a hearing. However, a debtor's request to exempt funds in their bank account is generally scheduled for a hearing, a type of proceeding that is not explicitly defined as an emergency matter under current orders. Because of this, a debtor may be unable to access much needed funds for months while awaiting a hearing to release their bank account. Courts in Las Vegas, have suspended issuance of default judgements and writs of execution. Massachusetts has issued a 90-day moratorium on garnishments, seizures, and attachments to a debtor's wages or property.

The majority of the CARES Act money will be delivered via direct deposit. Without an order, Maryland creditors could seize these funds to satisfy judgement. This is clearly not the intention of the legislation.

We urge you to address these concerns by:

- Clarifying that all stimulus checks are exempt from garnishment and that garnishment of such funds is an unfair and deceptive trade practice; and,
- Stay the enforcement of all new and existing garnishment orders as well as offsets against benefits or tax returns; seizure of property; or liens.

Request for stay of all debt owed to the state and local governments

Civic or state-owed debt includes video tolls and associated civil penalties, tuition and fees at State schools, public assistance and food stamp overpayment, fines for lapsed auto-insurance, and court-ordered criminal restitution. Local jurisdictions also issue civic debt, most commonly in the form of jurisdictional tickets for parking and traffic violations.

The State of Maryland pursues these debts through the Central Collections Unit (CCU). MCRC's research found that 31% of judgments won by CCU are confessed judgments. The average judgement won by CCU was \$1,582. In other words, many people owed debts under \$5,000 that they were unable to pay. Many of the individuals who owe civic and local debt are exactly the ones who will benefit most from the CARES Act stimulus checks.

We urge you to address these issues by:

- Ordering the stay of all garnishments and offsets owed to Maryland or local government.

We thank you for your thoughtful leadership during this unprecedented period and respectfully request that you consider these additional actions during this public health and economic crisis. We welcome the opportunity to provide additional data or other information should you desire it.

Thank you for your consideration.

Sincerely,

ACLU of Maryland
AFT-Maryland
Baltimore City Green Party
Bel-Air Edison Neighborhoods, Inc.
CASH Campaign of Maryland
Chesapeake Physicians for Social Responsibility
Civil Justice
Coalition for a Humane Hopkins
CCCSMD
Dickinson Law Firm, LLC
Fair Development Roundtable
Food & Water Action
Goldson Law Office
Grow Home, Inc.
Historic Marble Hill Community Association
Human Trafficking Prevention Project at University of Baltimore School of Law
Jews United for Justice
Justice Chapel
Maryland Center on Economic Policy
Maryland Consumer Rights Coalition
Maryland Legislative Coalition
Maryland PIRG
Maryland Volunteer Lawyers Service
Pro Bono Resource Center of Maryland
Public Justice Center
Santoni, Vocci, & Ortega, LLC
SEIU Local 500
United Workers