MCRC Maryland Consumer Rights Coalition

Economic Rights – 2019 Maryland Legislative Wrap Up

This session, Maryland passed SB 400/HB 461, making us **the first state in the nation** to stop for-profit schools from pretending to convert to nonprofit status in order to skirt regulations put in place for these predatory high-debt, low-return schools. This legislation, sponsored by Senator Pinsky (D-22) and Delegate Hettleman (D-11), ensures that schools operating with for-profit interests – even if they are classified as nonprofits – are still treated as for-profit schools by our state regulators. By reworking these definitions, Maryland is making sure that schools receiving the benefits of a nonprofit status do not have a financial stake in exploiting students and do not ruin the name of nonprofits around the state. We are thrilled to be the first in the nation to put these protections in place. This legislation will help the **30,000 students** currently attending for-profit schools in our state, as well as countless prospective students.

Other important consumer protection victories include:

- **New Pre-Enrollment Disclosures for For-Profit School Students:** HB 399/HB 464 also was moved favorably and will be enacted into law. In its original form, this bill would have created an “85-15” rule to make sure that for-profit colleges receive no more than 85% of their funding from government monies (like federal loans, foster youth waivers, and GI Bill benefits). However, as amended the legislation simply includes disclosures for prospective students at for-profit colleges. This legislation is an important step to provide greater transparency for those considering a for-profit school. However, we plan to come back next year to fight for a more comprehensive bill that protects veterans, low-income students, foster youth, and students-of-color from being targeted by these high-cost, low-return institutions.

- **Curbing Abuses by Student Loan Servicers:** Attorney General Frosh led a bill (SB 670/HB 594) to create a list of prohibited practices for student loan servicers. While a servicer is supposed to help a borrower safely and affordably repay a loan balance, this industry has well-documented practices of harming student loan borrowers and adding *billions* of dollars to the already massive student debt crisis. We are proud to have supported this bill on behalf of our many members who carry student loan debt and have been failed by their servicer throughout the repayment process. **This bill will affect more than three-quarters of a million Maryland borrowers who now owe more than $32 billion in student loan debt. It will help create clear guardrails for the 112,000 Maryland students who today are at least two student loan payments behind.**

- **Removing the “Widow’s Penalty” from Driving Up Home Insurance Costs:** Some may remember our work a few years ago to remove this harmful practice from car insurance. This year, Delegate Sydnor (D-44B) and Senator Hester (D-9) joined together to pass legislation that ensures that homeowner who has lost their spouse doesn't see an increase to their home insurance costs. Because single people pay more than married people for home insurance, many grieving widows and widowers experienced more expensive policies after their partner passes away. SB 607/HB 191 removes this "widow's penalty" from home insurance in our state.

- **Keeping Water Bills Out of the Tax Sale Process in Baltimore City:** In Baltimore City – unlike other counties in Maryland – a person can lose their home to foreclosure due to an unpaid water bill. Meanwhile, plenty of data supports the fact that the water billing system in the City is severely flawed and contains a myriad of mistakes. Senator Washington (D-43) and Delegate Mosby (D-40) sponsored successful legislation (SB 96/HB 161) this year to remove water bills from the tax sale process and ensure that homeowners do not lose their residences (and generational wealth) for an unpaid water bill.

- **Making the Mortgage Forgiveness Debt Relief Act Permanent:** As the number of foreclosures grew in Maryland and beyond following the 2008 housing crash, the federal government enacted a temporary program to help homeowners by ensuring that any negative equity forgiven by a bank in a short sale or foreclosure would not be considered taxable income. Maryland soon followed suit and passed its own temporary program for state income tax. That program was set to end in 2018, but thanks to Senator Zucker (D-14) and Delegate Walker (D-26), the program will continue permanently. SB 265/HB 380 provides important relief to Maryland families who have already lost their homes and should not be taxed on mortgage-related debt that has been forgiven.

Some legislation did not move as successfully this year, but we are already gearing up for the 2020 session. Our wage garnishment bill (SB 772/HB 1256) was voted down in the House Economic Matters committee, but got closer to passage than it ever has before – in huge part thanks to calls and emails from YOU to the committee members. The bill only needed two more votes to pass out of the committee, and we are hopeful that next year it will. Check out the vote list for HB 1256 by clicking here and see if your representative voted favorably or unfavorably.

Our bill to remove the discriminatory use of education and occupation from pricing auto insurance (SB 233/HB 329) was amended in House Economic Matters to require a study of non-driving related factors by the Maryland Insurance Administration (MIA). Unfortunately, the Senate Finance committee voted the amended bill down when it arrived in their chamber – but not due to the merits of the original legislation.

We are very encouraged by the work of many new legislators in the General Assembly. With so many freshman Delegates and Senators (the legislature saw 30% turnover in the 2018 election!) we spent lots of time this session getting to know these new folks. Many of them are passionate about economic rights and financial inclusion, and we are so excited to work with them in upcoming years.

Finally, we want to thank each and every one of you who called a legislator and asked them to support a consumer-friendly bill; responded to our action alerts; became an MCRC member; or shared our social media posts – we could not have done all this work without you.

While some of our bills did not pass this year, we are already looking towards the 2020 session to enact more change, work with partners and supporters, and fight to build a just economy for all.

If you would like to support this work, the best way to do so is by becoming an MCRC member. **Click here** to learn more about the program and how to join.

Thank you for all that you do.

In Solidarity,
Marceline White

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