

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1520
Judiciary

(Delegate Tomlinson)

Courts - Exemption From Judgment - Alterations and Additions

This bill generally (1) expands the items exempt from execution on a judgment; (2) adds certain provisions applicable only to disabled persons, disabled veterans, and elderly persons; and (3) increases the value of certain items of a debtor that are exempt from execution.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State finances.

Local Effect: The bill is not anticipated to materially affect local government finances.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Bill Summary:

Definitions Under the Bill

“Disabled” means having a physical or mental disability that makes an individual unable to engage in substantial gainful employment and (1) has lasted or can be expected to last at least 12 months or (2) can be expected to result in death.

“Disabled veteran” means an individual who is honorably discharged or released under honorable circumstances from active military, naval, or air service as defined in 38 U.S.C. § 101 and has been declared by the U.S. Department of Veteran Affairs to have a permanent 100% service-connected disability that results from blindness or other disabling cause that (1) is reasonably certain to continue for the life of the veteran and (2) was not caused or incurred by misconduct of the veteran.

“Elderly” means at least 60 years of age.

Exemptions from Execution on a Judgment

Under current law, the following items, among others, are exempt from execution on a money judgment:

- the debtor’s interest, of up to \$1,000 in value, in certain items that are held primarily for the personal, family, or household use of the debtor or any dependent of the debtor (described in more detail below);
- money payable in the event of the sickness, accident, injury, or death of any person, including compensation for loss of future earnings – the exemption includes money payable for judgments, arbitrations, compromises, insurance benefits, compensation, and relief, but does not include disability income benefits if the judgment is for necessities contracted for after the occurrence of the disability;
- up to \$500 in a deposit account or other account of the debtor held by a depository institution, without election of the debtor, subject to specified requirements;
- up to \$6,000 of cash or property of any kind, if the debtor elects to exempt such cash or property within 30 days from the date of attachment or the levy by the sheriff, and subject to additional limitations; and
- money payable or paid according to an agreement or court order for child support.

The bill increases, from \$1,000 to \$5,000, the value of the debtor’s interest in household furnishings, household goods, wearing apparel, appliances, books, animals kept as pets, and other items that are held primarily for the personal, family, or household use of the debtor or any dependent of the debtor that is exempt from execution on a judgment. For a disabled veteran, the debtor’s interest in the above items of up to \$10,000 is exempt from execution on a judgment.

The bill also adds provisions to exempt:

- the debtor’s interest up to \$3,000 in value in firearms;
- the debtor’s interest up to \$10,000 in value, in one motor vehicle necessary for practice of the debtor’s occupation, trade, or enrollment in any public or private elementary, secondary, or career and technical education school or institution of higher education;
- for a debtor who is elderly or disabled, the debtor’s interest up to \$25,000, in one motor vehicle necessary for practice of the debtor’s occupation, trade, or enrollment in any public or private elementary, secondary, or career and technical education school or institution of higher education; and
- payments under § 24 (child tax credit) and § 32 (earned income tax credit) of the Internal Revenue Code.

The aforementioned exemption does not apply to a motor vehicle used to commute to an occupation, a trade, or an educational program that is not otherwise necessary for use in the course of the occupation, trade, or educational program.

Under current law, in any federal bankruptcy proceeding under Title 11 of the U.S. Code (the federal Bankruptcy Code), an individual debtor domiciled in the State may claim the statutory exemptions from execution on a money judgment and further exempt other specified assets. These assets include owner-occupied residential real property, including a condominium unit or a manufactured home that has been converted to real property or a cooperative housing corporation that owns property that the debtor occupies as a residence. The bill adds a mobile home as defined in § 8A-101 of the Real Property Article to this provision.

Under current law, the exemption allowed for these assets/interests may not exceed the amount specified and adjusted under the U.S. Code (\$31,575 as of April 1, 2025). The bill repeals this limit, instead establishing that exemptions under this provision may not exceed \$300,000 in value. However, the allowed exemption is \$600,000 if the owner or dependent of the owner of the property is elderly or disabled.

Small Business Effect: Small businesses that provide goods and services on credit and pursue post-judgment proceedings related to debt collection may be negatively impacted by the (1) additional categories of debtors with higher exemption values than current debtors for specified items; (2) additional specified items that are exempt; and (3) higher exemption values for current debtors.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Comptroller's Office; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Legislative Services

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