

Legislative Priorities

Priorities for the Systems Change Working Group include both credit/debt specific legislation as well as income supports through the expansion of the Earned Income Tax Credit and a Guaranteed Minimum Income. Below are a summary of the relevance and summary of the bills.

DEBT/CREDIT BILLS

Even before the economic crisis triggered by COVID-19, 20% of Massachusetts residents had a debt in collection—rising to an eye popping 39% of folks in communities of color. As families struggle to make ends meet during continued high unemployment, there is a tsunami of debts that will go into collection impacting families' wages and credit reports. In the coming session, advocates will be working on three bills in particular that will help working people weather the fallout from the current economic crisis:

1. **The Debt Collection Fairness Act** – referred to [Joint Committee on Financial Services](#) *“An Act Relative to Fairness in Debt Collection” (H.1168/S.663)*, filed by Senator Jamie Eldridge, Representative Tram Nguyen, and Representative Christine Barber.
This bill will help keep more income with families and protect them from the threat of arrest by among other things:
 - a. **Protecting more wages from seizure by creditors** -- Protecting adequate wages keeps families from falling into poverty. Under present law, any Massachusetts resident with an annual income over \$32,000 is subject to wage garnishment. This bill gives additional protection from garnishment to those lower income workers.
 - b. **Reducing the interest rate on judgments on consumer debt** -- Rates are currently the highest in the nation at 12%, making it impossible for many to ever pay off debts.
 - c. **Ensuring that no one in the Commonwealth shall be imprisoned for failure to pay a consumer debt** -- In 2016, four Massachusetts small-claims courts issued 1,325 civil arrest warrants for alleged debtors.

2. **Restricting the Use of Credit Reports in Employment Decisions** – referred to the [Joint Committee on Labor and Workforce Development](#) *“An Act Regulating the Use of Credit Reports by Employers” (H.2019/S.1154)*, filed by Senator Michael Barrett, and Representative Liz Malia.
Shockingly, employers are currently allowed to seek a worker's credit report and deny them employment just because of their credit history! Credit reports are designed to predict the likelihood that someone will miss a loan payment, not whether they'll be an unreliable employee. As the economic crisis goes on, a growing number of workers will have more late and defaulted debts on their credit reports. Advocates will be working on a bill that restricts employers from using, requesting, or requiring an applicant to answer questions about their credit report as a criterion for employment. The only two exceptions to this rule are: 1) if a required by federal or state law or regulation or the rules of a self-regulatory organization, or 2) if the position requires a national security clearance.

3. **Restricting the Use of Credit Reports in Rental Housing Decisions** – referred to the [Joint Committee on Housing](#)

“An Act Relative to the Use of Credit Reporting in Housing” (H.1429/S.894), filed by Senator Eric Lesser, and Representative Liz Malia.

Currently landlords are allowed to use a credit report to decide whether or not to rent to a new tenant or renew the lease of a future tenant. This bill will prevent landlords from using, requesting, or requiring an applicant to answer questions about their credit report as a criterion for making a decision about an applicant or current tenant’s lease. The bill will allow the use of a credit report if required under federal or state law or regulation, but only if adequate written consent is obtained from the tenant or prospective tenant, the landlord explains why the information is needed, and notice before an adverse action is taken giving the tenant time to dispute the information in the report.

Consumer protection reforms are powerful and necessary economic development and recovery tools that do not require a state expenditure that will help working people in Massachusetts.

INCOME SUPPORTS/TAX CREDIT EXPANSION

4. Economic Stabilization through Expanded Income Supports – referred to the [Joint Committee on Revenue](#)

“An Act Providing a Guaranteed Minimum Income to All Massachusetts Families” (S.1852), filed by Senator Jamie Eldridge.

“An Act to Increase Family Stabilization Through the Earned Income Tax Credit” (H.2871/S.1841), filed by Senator Sal DiDomenico, Representative Marjorie Decker, and Representative Andy Vargas.

These two identical bills will create a guaranteed minimum income (GMI) to ensure that everyone in the Commonwealth can attain a basic standard of living. Creating a GMI program in Massachusetts will be accomplished by enhancing the state’s Earned Income Tax Credit (EITC) so that it covers more households and delivers larger cash benefits.

The following five reforms, if implemented together, would restructure the state EITC to create a GMI for Massachusetts households:

- **Increase the state match rate from 30 to 50 percent of the federal credit.**
- **Establish a minimum \$2,400 credit for extremely low-income households and those with no taxable income at all.**
- **Extend the GMI credit to middle-income families who are currently ineligible, lifting the eligibility ceiling from \$57K to \$75K.**
- **Expand to previously excluded groups of people, including ITIN holders, unpaid caregivers, young adults between the ages of 18-25, and older adults between the ages of 65-67.**
- **Improve access to the GMI credit through more frequent payments and communications/outreach.**