



HB 273 - Residential Leases - Late Payment Penalties - Calculation

Senate Judicial Proceedings Committee

March 19, 2025

SUPPORT

Chair Smith, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 273. This bill addresses the unjust late fees for partial payments made by tenants who do their best to meet payment deadlines. Late fees should be proportional to the balance outstanding and capped at 5% of the amount of the unpaid rent rather than be determined by the full monthly rent.

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. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

As the nonprofit administrator for Baltimore City's guaranteed income pilot program, The Baltimore Young Families Success Fund, CASH frequently worked with families who were especially vulnerable to falling behind on rent. Medical expenses, unexpected emergencies, and job insecurity often left these families unable to make full payments. Participants frequently faced difficult trade-offs, such as choosing between paying rent in full and covering essentials like food, transportation, or car payments needed to maintain employment.

Individuals and families who make partial rent payments should not face disproportionate penalties for their efforts to stay afloat. Those who are already struggling to afford their rent often face an even greater challenge when burdened with excessive late fees. At CASH, we consistently see that clients making partial payments demonstrate a genuine willingness and desire to pay their rent in full. However, unexpected emergencies and financial setbacks often make this impossible.

It is our responsibility to ensure these individuals are not pushed further into hardship. Disproportionate late fees exacerbate financial instability and contribute to the cycle of poverty. By addressing this issue, we can help create a system that supports, rather than punishes, those who are working to meet their obligations.

Thus, we encourage you to return a favorable report for HB 273.

Creating Assets, Savings and Hope