



The Delivery of Legal Services Section Council

BILL NO: House Bill 514
TITLE: Maryland Legal Services Corporation Funding – Abandoned Property
COMMITTEE: Appropriations
HEARING DATE: February 10, 2021
POSITION: **SUPPORT**

The Delivery of Legal Services Section (DLS) is a section of the Maryland State Bar Association formed to promote the fair administration of justice in the State of Maryland. The Section supports and encourages free or low cost legal services for people of limited means through legal services programs for the indigent, public interest legal organizations, *pro bono publico*, reduced fee, and other alternatives to traditional fee-for-service representation to provide access to the courts, and court alternatives for the resolution of disputes. The areas include legal practice and legal reform for the indigent and persons of modest means, for example, civil rights, consumer advocacy, civil and criminal legal services, and lawyer referral services. The Section Council is comprised of a mix of practicing attorneys, including those working for civil legal aid organizations, private practitioners, and government attorneys, who all share a common goal: increasing access to justice.

House Bill 514 increases the amount of funds that the State Comptroller is required to distribute to the Maryland Legal Services Corporation (MLSC) from the Abandoned Property Fund. Created by the Maryland General Assembly in 1982, MLSC is the primary source of essential funding to organizations that provide civil legal services to low-income Marylanders. In 1984, the General Assembly identified the Abandoned Property Fund as a funding source for MLSC, allocating 17% of the fund's annual revenue to MLSC. The modest increase proposed in HB 514, from \$2,000,000 to \$8,000,000, would still only direct less than 7% of the fund's current revenue. This distribution is the only guaranteed income source for MLSC, and the increase would allow MLSC to continue its important work at a time when other revenue sources have decreased dramatically while the demand for civil legal aid has skyrocketed.

It is vitally important to secure funding for MLSC now, before it is too late. MLSC's two major funding sources – the Interest on Lawyer Trust Accounts (IOLTA) program and these surcharges – were significantly reduced by the COVID-19 pandemic due to near zero interest rates and a dramatic decrease in court filings. MLSC currently projects fiscal year 2022 revenue to come in at least \$6 million lower than pre-pandemic levels. The Federal Reserve has indicated they will keep interest rates near zero for several more years, meaning that MLSC cannot rely on IOLTA as a significant source of funding for civil legal aid into the foreseeable future.

A decrease in funding for MLSC in turn creates uncertainty and instability for organizations providing these critical services; without the funding survivors of domestic violence would be forced to face their abusers alone, tenants who have lost their jobs due to the pandemic would be forced into eviction proceedings without understanding their legal rights, Marylanders entitled to government aid and benefits would have to navigate the complicated systems on their



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own, and many others would be left in a similar position – without access to legal counsel whilst facing the loss of fundamental rights to safety, housing, employment, and more.

For these reasons, the DLS strongly supports HB 514 and urges a favorable report.