



Jan. 29, 2021

**SB 413**

Senator Guy Guzzone, Chair  
Members of the Maryland Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen St., Annapolis, MD 21401-1991

**Re: Support for Senate Bill 413 - Maryland Legal Services Corporation Funding – Abandoned Property**

Dear Chair Guzzone and Members of the Senate Budget and Taxation Committee:

Thank you for the opportunity to submit testimony supporting SB 413, a bill to increase funding from the Abandoned Property Fund to the Maryland Legal Services Corporation (MLSC). This funding increase will be critical in supporting MLSC, Maryland's primary funder of civil legal aid. MLSC provides funding to 36 nonprofit civil legal aid organizations across the state, providing legal assistance to low-income Marylanders to prevent evictions and foreclosures, assist with family law issues, address consumer debt, access benefits and more.

Passing SB 413 is critical to ensure that Maryland residents will be able to access legal services at a time when they are needed more than ever. MLSC currently projects that fiscal year 2022 revenue will be at least \$6 million lower than pre-pandemic levels. At the same time, legal services providers are bracing for a new eviction and foreclosure crisis due to the pandemic. Multiple studies have shown that every \$1 invested in civil legal services results in a \$6 return in the form of in economic activity, cost savings and increased productivity – a return of hundreds of millions of dollars each year.

SB 413 would meet the need for stable legal services funding by increasing MLSC's annual distribution from the Abandoned Property Fund from \$2 million to \$8 million. This increase would offer much needed stability to the legal services delivery system in Maryland, as the distribution from the Abandoned Property Fund is MLSC's only funding source with a guaranteed amount every year. MLSC's current major funding sources – surcharges on certain court filing fees and the Interest on Lawyer Trust Accounts (IOLTA) program – were significantly reduced by the COVID-19 pandemic due to a dramatic decrease in court filings, and near zero interest rates, which the Federal Reserve has indicated it is likely to maintain.

Community Law Center is one of MLSC's grantees. We are a nonprofit organization which provides legal services to nonprofit and community organizations throughout Maryland, to promote stronger nonprofits and more vibrant neighborhoods. MLSC funding allows us to help communities form neighborhood associations to address public safety issues, engage in beautification projects, and amplify residents' voices on local issues. It means we can work with communities to address the devastation of vacant and abandoned properties, hold property owners accountable, and work to get vacant properties put back to productive use. MLSC funding means that we can support nonprofits with resources on how to maintain the organization, run meetings, address tax liability, sustain financial health and accountability, and more. MLSC funding allows us to provide support to grassroots, volunteer-led nonprofits throughout the state, many of which would have no other way of accessing affordable legal services.

We urge a **favorable report** on SB 413, to ensure that MLSC is able to sustain its funding for critical legal services work in Maryland. Thank you for your consideration.

Sincerely,  
Shana Roth-Gormley  
Staff Attorney and Pro Bono Coordinator  
Community Law Center