

DEBRA M. DAVIS, ESQ.  
Legislative District 28  
Charles County

Judiciary Committee

*Subcommittees*

Juvenile Law

Public Safety



The Maryland House of Delegates  
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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

Chair Davis and Vice Chair Dumais  
House Economic Matters Committee  
House Office Building Room 231  
Annapolis, MD 21401

February 1, 2021

Dear Chair Davis, Vice Chair Dumais and Committee Members:

I am pleased to present House Bill 585 – *Consumer Protection – Financial Capabilities and Legal Assistance Fund*. This legislation will establish the Financial Capabilities and Legal Assistance Fund. The Financial Capabilities and Legal Assistance Fund would help fund nonprofits that provide counseling services to consumers related to consumer credit and debt collection. This Fund will help millions of Marylanders that have been dealing with the negative financial effects of the COVID-19 pandemic.

Debt can have a crippling impact on families and their potential for future financial success. Due to the COVID-19 pandemic, millions of Marylanders have fallen behind on bills due to losing their jobs or a reduction in income. As a result, these citizens are accumulating substantial debt that they will be responsible for paying off. Throughout the pandemic, there have been countless stories of Marylanders' credit scores being destroyed and their savings being lost. To add to the financial hardship that these families are already dealing with, debt collectors are reaching out to these families expecting payment. Without any expert advice or assistance, everyday citizens are more susceptible to being taken advantage of by debt collectors. There are a number of nonprofits that counsel citizens through debt collection proceedings. These organizations can educate people on their rights, negotiate payment plans, and more. While these organizations do amazing work, one of their biggest issues right now is the lack of funding and/or staff needed to keep up with the increasing number of debt cases in Maryland. The Financial Capabilities and Legal Assistance Fund will help provide funding to these organizations, so they can have the tools and staff needed to help citizens overcome their debt.

The COVID-19 pandemic has caused financial hardships for far too many families in Maryland. Even with the distribution of vaccinations giving our country some promise towards returning to normal, the effects of the pandemic will be long lasting. The Financial Capabilities and Legal Assistance Fund will help give Marylanders more resources to overcome the financial strains that the pandemic put on their families. Creating the Financial Capabilities and Legal Assistance Fund will have no impact on the state fiscally, as it will be funded through an increase in debt collection filing fees. Using debt collection filing fees as the funding mechanism also keeps the

burden of paying for the Fund off of the consumers and squarely on the debt collection agencies. Lastly, HB 585 follows the 14<sup>th</sup> recommendation from Attorney General Brian E. Frosh's [Covid-19 Access to Justice Task Force](#). It is time we give Marylanders additional assistance when facing debt collectors.

For the above reasons, I respectfully request a favorable report on HB 585.

Sincerely,

Delegate Debra M. Davis  
District 28, Charles County