



**HB585 Commercial Law - Consumer Protection - Financial Capabilities and Legal Assistance Fund
Economic Matters
February 3, 2021
Support**

Chairman Davis, Vice-Chair and members of the committee. Thank you for the chance to submit testimony in favor of House Bill 585. This bill will create a fund to support qualified nonprofits in providing Maryland consumers with counseling and legal help in addressing consumer credit and debt collection.

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. CASH has also staffed the Maryland Financial Education and Capability Commission since its post great recession creation in 2012. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

In 2020, the Office of Attorney General created the COVID-19 Access to Justice Task Force. The purpose of the task force was to bring together different experts in critical fields to ensure "justice is accessible, fair and equitable". The CEO of CASH was invited and participated on the Consumer Protection Committee under the task force. The creation of the Financial Capabilities and Legal Assistance Fund is a recommendation in the Confronting the COVID-19 Access to Justice Crisis report ¹. Funding financial capability and legal services is a key strategy in mediating the consequences of the COVID-19 crisis.

Financial capability is "the capacity, based on knowledge, skills, and access, to manage financial resources effectively"². Many people do not have access to appropriate support and products due to long-standing structural inequities. COVID-19 has exacerbated the negative effects of financial instability of Marylanders. 30% of the population in Maryland has a debt in collections³ and 47% of Marylanders have less than prime credit.⁴ And it's probably no surprise that the low income individuals struggle the most with financial wellbeing, in particular those who make less than \$30,000.⁵ **Due to COVID-19, CASH has seen an increase of 30% for services such as benefits screening and financial counseling.**

The number of people who need targeted financial interventions is rising. Now, Maryland faces the challenge of recovering from the economic ravages of the pandemic, and providing relief for individuals who are using desperate coping strategies like relying on credit and taking on more debt in order to survive.

House Bill 585 will provide more resources that can be leveraged in reaching those struggling with financial fitness and aid them in achieving a long lasting recovery. It will do this by:

- Prohibiting a collection agency from passing certain filing fees onto the consumer
- Creating a Financial Capabilities and Legal Assistance Fund

For these reasons, we urge the committee to give a favorable report on House Bill 585.

¹ https://www.marylandattorneygeneral.gov/A2|C%20Documents1/AG_Covid_A2|_TF_Report.pdf

² <https://www.treasury.gov/resource-center/financial-education/Documents/PACFC%202010%20Amended%20Charter.pdf>

³ https://apps.urban.org/features/debt-interactive-map/?type=overall&variable=pct_debt_collections&state=24

⁴ <https://scorecard.prosperitynow.org/data-by-location#state/md>

⁵ <https://bankingjournal.aba.com/2019/11/study-majority-of-americans-continue-to-struggle-with-finances/>