Testimony Concerning SB 530
"Landlord and Tenant - Eviction Actions -
Filing Surcharge and Prohibited Lease Provisions"
Submitted to the Senate Judicial Proceedings Committee
Hearing Date: February 18, 2021

Position: Support

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Maryland Legal Services Corporation requests a favorable report on SB 530, enactment of which increases the filing fee surcharge on summary ejectment, tenant holding over and breach of lease cases. Filing fee surcharges are an important revenue source for the funding of civil legal aid in Maryland.

MLSC's mission is to ensure low-income Marylanders have access to stable, efficient and effective civil legal assistance through the distribution of funds to nonprofit legal services organizations. It currently funds 36 organizations to work toward that mission across the entire state. The Maryland General Assembly created MLSC in 1982 to administer the state's Interest on Lawyer Trust Accounts (IOLTA) program, and since that time MLSC grantees have assisted nearly 3.7 million Marylanders with a wide variety of civil legal needs.

The Maryland General Assembly enacted surcharges as a funding source for MLSC in 1998, and they currently make up MLSC's largest funding source. However, MLSC's two major revenue sources – IOLTA and these surcharges – were significantly reduced by the COVID-19 pandemic due to near zero interest rates and a dramatic decrease in court filings. 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. Without additional revenue, MLSC is therefore facing a dire funding situation that would require significant cuts to grants beginning in fiscal year 2022. At the same time, Marylanders will continue to turn to legal services providers for help with their legal problems, many of which have been exacerbated due to the effects of COVID-19.

Established nonprofit legal aid providers can help Marylanders navigate challenges caused or exacerbated by the pandemic. These providers help with a wide range of issues, including eviction and foreclosure; protection from domestic violence and elder abuse; bankruptcy and debt collection; child support and custody; and access to unemployment, health and other benefits. The pandemic has made these issues even more prevalent and complicated. Having an experienced advocate can make a tremendous difference for a low-income Marylander who, if not for civil legal aid, would be forced to navigate the legal system alone.

Increasing Maryland's eviction-related filing fees to be in line with the national average would be a tremendous investment in civil legal aid. National studies have estimated that legal aid programs can only meet about 20% of the legal needs of low-income people with existing resources, even before taking the effects of the pandemic into account. Additional funding would allow MLSC's grantees to

expand services, better attract and retain staff, and increase outreach to improve the public's awareness of civil legal aid and how it can help address everyday issues impacting basic human needs.

Expanding civil legal aid programming will also be a boon to Maryland's economy. Multiple studies have shown that every dollar invested in civil legal services results in a $6 return in the form of economic activity, cost savings and increased productivity – a total return of hundreds of millions of dollars annually. Depending on the number of eviction-related filings, these increases could amount to $35 million or more each year. This additional revenue would be transformative for Maryland's civil legal aid delivery system and the low-income Marylanders it serves.

MLSC urges favorable consideration of SB 530.