



House Bill 31

Committee: House Judiciary

Date: February 17, 2021

Position: Favorable with Amendments

This testimony is offered on behalf of the Maryland Multi-Housing Association (MMHA). MMHA is a professional trade association established in 1996, whose members consist of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities. Our members house over 538,000 residents of the State of Maryland. MMHA also represents over 250 associate member companies who supply goods and services to the multi-housing industry including towing companies.

House Bill 31 increases the surcharge amount from \$55 to \$85 that the State Court Administrator may assess as part of the Administrator's determination of the amount of court costs and charges in civil cases. Moreover, the bill increases the surcharge that the Chief Judge of the District Court may assess for summary ejection cases from \$8 to \$68.

By raising filing fees and barring landlords from collecting fees from tenants who have not paid their rent, House Bill 31 ensures that rent prices will be increased on all tenants. Pursuant to Maryland law, landlords' are provided with one option when a tenant fails to pay rent – file for eviction. When the price of eviction cannot be passed on to the tenants that have failed to pay their rent, the price is passed on through rent increases levied against tenants that have paid.

MMHA's offers the following amendments to address our concerns:

AMENDMENT NO. 1

On page 2, line 9, strike “68” and insert “30”

Explanation: The total filing fee is comprised of multiple parts. Under current law, the surcharge of \$8 established under the Courts and Judicial Proceedings Article at § 7-301(c)(2)(i)(1) and the surcharge of \$3 established under § 7-301(c)(4)(i)(1) are added together and then additional fees are included before the total filing fee is assessed.

In Howard, Anne Arundel, and Baltimore County, the total filing fee for a summary ejection case is currently \$20, in other counties the fee is \$15, and in Baltimore City the fee is \$30. Baltimore City is higher because of the \$10 surcharge established under § 7-301(c)(3)(i).

By increasing the surcharge to \$30 under § 7-301(c)(2)(i)(1), MMHA's understanding is that the total filing fees for summary ejection cases would become \$42 in Howard, Anne Arundel, and Baltimore County, \$37 in other counties, and \$52 in Baltimore City. This change would make Maryland's fee similar to the fees established in Virginia (\$46 - \$56 depending on the amount owed and the county) and Delaware (\$45).

Please note that unlike Virginia, Delaware, or any of Maryland's contiguous states, tenants in Maryland may exercise their right to redeem the property (pay and stay) up to 3 times per calendar year – 4 in Baltimore City. In our contiguous states, the right to redeem is limited to 1 time per tenancy. As such, the



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fees for Maryland’s landlords may *quadruple* on an annual basis when compared to landlords in neighboring states.

A snapshot from an MMHA member for October 2019 noted that 85.35% of eviction filings that month were repeat filings against tenants. Ultimately, the increased surcharge could lead to Maryland’s landlords paying \$208 per tenant in fees within Baltimore City for a calendar year. When compared with neighboring states that only require landlords to file once per tenancy, MMHA believes this is a fair compromise.

Filing fees are one part of a two-part eviction fee system in Maryland. The second fee that must be paid when the sheriff visits the property to enforce a court’s order is the *warrant of restitution*. In Baltimore City, the warrant of restitution is \$50 and \$40 in all other counties. In Virginia, the equivalent of the *warrant of restitution* is \$25, and in Delaware it is \$40. Thus, with the proposed amendment offered by MMHA, the total cost of an eviction would be similar to Virginia and Delaware.

AMENDMENT NO. 2

On page 2, line 11, strike “**EQUALLY**” and insert “**IN THE FOLLOWING MANNER:**”

On page 2, line 12 insert “**\$14**” before “**DEPOSITED**” and “**\$16**” before “**DIRECTED**”

Explanation: MMHA continues to contend that rental assistance is the best method to stop evictions. However, we recognize that MLSC is experiencing a budget crisis due to the pandemic, and we are willing to concede that some of the increased surcharge should be allocated to MLSC to address their budget issue. MMHA is aware that MLSC requested submission of SB 232/HB 487 to address their budget concerns. In that bill, the summary ejection surcharge is increased by \$5 to address MLSC’s budget concerns. MMHA’s amendment for HB 31 would allocate a \$6 increase to MLSC.

MMHA has no opposition to SB 413/HB 514 (Sen. Guzzone/Del. Barnes), which allocates an additional \$6M to MLSC from abandoned property funds on an annual basis. Further, the remaining surcharge would allocate approximately \$10M for rental assistance on an annual basis.

AMENDMENT NO. 3

On page 3, line 8, strike “**(5) THE SURCHARGE FOR A SUMMARY EJECTION CASE UNDER § 8-401 OF THE REAL PROPERTY ARTICLE MAY NOT BE PASSED ON TO A TENANT BY THE COURT OR BY A LANDLORD.**”

Explanation: MMHA is unaware of any state that prohibits the filing fee for a summary ejection case from being passed on to a tenant by the court or by a landlord. To be clear, landlords must pay the filing fee to the court before an action for eviction can be brought against a tenant. By striking this provision, MMHA’s amendment simply allows landlords to *attempt* to collect the fee from tenants in the future. Without this amendment, landlords would file evictions in good faith, through no fault of their own, and be prohibited from attempting to collect the fee. This is an unprecedented tax on landlords’ access to the court system, which is their only remedy for compelling a tenant to pay the rent. Unlike other providers of goods and services who can stop furnishing them to people who don’t pay their bill, the only option provided to landlords is to seek ejection. Landlords cannot be expected to file a civil suit for damages and then try to collect the judgement while tenants remain in the property for months and months.



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MMHA is aware that some advocates have accused landlords of filing too quickly and called for removing the ability of landlords to recover the fee to deter filings. This approach misconstrues the issue and further exposes tenants to evictions. As previously noted, a high number of eviction filings are repeats due to the tenants right to pay and stay in the property. Should landlords be deterred from filing within the first month, the amount of back-rent owed would significantly increase and exercising the right to pay and stay would be much more difficult for tenants. As a result, the number of filings may experience a negligible drop, but the number of actual evictions would increase exponentially. Moreover, landlords often require one month's security deposit from tenants. Waiting to file beyond the first month exposes those landlords to additional liability and risk. To account for that additional liability and risk, landlords will be required to levy increased rent prices against tenants who have never had an eviction filed against them.

For the aforementioned reasons, MMHA respectfully requests a favorable report with amendments from the committee on House Bill 31.

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