



# MLSC

MARYLAND LEGAL SERVICES CORPORATION

IOLTA - INTEREST ON LAWYER TRUST ACCOUNTS

**Senate Bill 481**  
**Renters Rights and Stabilization Act of 2024**  
**Senate Judicial Proceedings Committee (primary) and**  
**Senate Education, Energy, and the Environment Committee (secondary)**  
**Hearing Date: February 29, 2024**  
**Position: Favorable**

Maryland Legal Services Corporation requests a favorable report on SB481, which would make long overdue and necessary structural changes to Maryland's current eviction laws.

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 46 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 approximately 4 million Marylanders with a wide variety of civil legal needs. In 1998, the General Assembly enacted surcharges in civil cases as a source of funding for MLSC, and those surcharges now amount to one of our largest funding streams.

MLSC is grateful to the Maryland General Assembly for recognizing, time and again, the significance of civil legal services providers. The work our grantees perform touch all facets of life, including evictions and foreclosures; 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 made these issues even more prevalent and complicated, while at the same time also wreaking havoc on the service providers who now face unprecedented staffing shortages and turnover. 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. But more and more individuals will find themselves rejected for services they otherwise qualify for, due to a lack of staffing and a shortage of experienced attorneys.

The Renters Rights and Stabilization Act of 2024 can help not only address the disparities within our landlord/tenant law framework, but also support and sustain MLSC and in turn the legal services providers upon whom so much relies. While MLSC supports the legislation as a whole, we offer the following testimony specific to our areas of expertise.

### Filing Fees

**SB481 increases *the surcharge* in summary ejectment, tenant hold over, and certain breach of lease matters from \$8 to \$93 per case. The current total amount for filing an eviction is just \$15, the lowest in the nation, and far lower than the national average of \$109. Increasing the *total filing fee* amount to \$100 would deter landlords from using our overburdened court system as a collection agency and ultimately decrease the number of frivolous eviction filings in our state.**

At over 48%, Maryland has the highest eviction filing rate in the county, and the only one with a filing rate consistently above 20%. Maryland's eviction filing rate is **seven** times higher than the next highest state in the nation. These numbers, while shocking to the conscience, are not surprising given the ease with which landlords are able to file an eviction as a routine method of collection when rent is late. In fact, in 95% of all filings in Maryland, tenants pay the late rent, fees,

and court costs (including the filing fee) and thus avoid being evicted from the unit. This is known as the tenant right to redemption.

**In order to prevent the increased fee from significantly overburdening tenants, and defeating the purpose of disincentivizing serial eviction filings, SB481 also includes a critical provision that prevents the landlord from passing the cost of the surcharge on to tenants.** Notably, it does not prevent the landlords from assessing a 5% late fee and court filing fee or raising rent. Without the provision preventing the pass-through, landlords will continue their existing practice of using Maryland courts as a rent collection tool, as they will know that the filing fee will ultimately be recoverable. Furthermore, it will significantly increase the housing costs of low- and moderate- income tenants who are struggling to pay rent on time and need to exercise the right to redemption.

**This law is not designed to prevent landlords from accessing the courts in appropriate cases.** Rather, the law is designed to ensure that the court's involvement is reserved for cases warranting the drastic remedy of eviction, and is not implicated every time a tenant experiences a temporary short-term delay in making a payment. Indeed, small landlords frequently maintain strong lines of communication with tenants, and work with tenants on an individualized basis in times of need. Instead, the law would incentivize all landlords to take a more thoughtful approach to providing housing, reserving eviction, the most serious tool in the arsenal, for more serious cases.

Why is this important? Evictions often cause a spiral of legal and financial difficulties in the lives of tenants and their families, as well as significant social and economic costs across all of society. Jobs are lost, educations interrupted, families broken apart, and entire communities destabilized. Not all evictions can be avoided, but to the extent that less draconian approaches can be implemented, all of us benefit. **By simply setting court costs at a level more in keeping with other, similarly consequential civil cases, the law can incentivize less devastating solutions.**

#### **Funding for Maryland Legal Services Corporation**

Significantly, SB481 would distribute funds raised from this increased surcharge equally between a statewide Rental Assistance Voucher Program and the legislatively created MLSC Fund. As noted above, MLSC currently provides funding for over 46 grantees across the state. Funding is provided through Operating Grants to a broad spectrum of legal services providers, as well as through special projects, such as the Foreclosure Prevention Grant, the Estate Planning and Wills for Seniors Program, and the Access to Counsel in Evictions Program. These funds will **support legal services for over 82,000 Marylanders, directly benefiting over 160,000 individuals. Our grantees helped clients obtain more than \$16.2 million in economic awards and avoid over \$18.8 million in costs through their cases, for issues such as child support, consumer judgments and discharged debts.** Not only will these services help people in need, but they will also reduce strain on the court system and streamline interactions with state agencies, saving valuable time and funds. **At a time when Maryland's budget outlook is challenged, addressing the need of these Maryland constituents will benefit the state and save money in the short and long term, all through a self-sustaining revenue source, and not an appropriation.** According to the Administrative Office of the Courts' most recent [study on the economic impact of civil legal aid](#), Maryland civil legal services programs generate \$190 MILLION PER YEAR in economic activity, cost savings, and increased productivity as a result of their advocacy. In the decade since that study was conducted, the number of providers – and the demand for services – has increased dramatically, as has their impact.

Civil cases constitute approximately 85% of the cases heard within our courts, yet people who cannot afford an attorney are left to handle these complicated issues on their own, even when the issues at stake affect fundamental rights, such as custody of their children, their physical safety, their housing, or their employment. Supporting civil legal aid is an investment with a good return for taxpayers, businesses and communities, saving money from legal aid's success in reducing homelessness for children, veterans, seniors, people with disabilities, and others, and the incidence of domestic violence. Civil legal aid also helps streamline the court system by reducing the number of unnecessary lawsuits and cutting down on court costs and staff overtime. Providing access to an attorney not only meets a litigant's existing legal needs but

can equip them for future success, preventing legal conflicts from arising in the first place, and decreasing the need for further costly intervention.

Maryland's dedicated cadre of legal services providers, many of whom are graduates from Maryland's two prestigious law schools, provide representation across the state, from Western Maryland to the Eastern Shore, Baltimore City, and all the counties in between. Often sacrificing the financial stability from opportunities to work in private practice, they have chosen to dedicate their careers to fighting for access to justice for all Marylanders, so that no one is left behind and caught up facing the legal system alone. They are active members of the communities in which they provide services, partnering with community groups, faith-based organizations, local governments and more to educate and serve residents. They offer a variety of models to best suit clients' needs, ranging from individual appointments to large clinics and workshops. The work they perform is quite literally life-changing, whether it is representing a tenant being unjustly evicted, a working mother trying to obtain benefits for her family, or a victim of domestic violence or sexual assault, seeking the protection of the courts.

Civil legal aid affects all regions of Maryland. MLSC's nonprofit grantees have the expertise regarding service models that work best in each of Maryland's jurisdictions and tailor their services to best meet the need of each region. These organizations are well-established and trusted members of their local communities, with the backing and collaboration of a statewide delivery system. Funds provided through SB481 will offer stability as we navigate the uncertain times ahead and help address the staffing crisis that if left unfunded will destabilize the provision of civil legal aid across the state.

#### **Office of Tenants' Rights and Other Provisions**

The remainder of SB481 establishes an Office of Tenants' Rights within the Department of Housing and Community Development, which will develop and publish a Maryland Tenants' Bill of Rights. It further limits the maximum amount of a security deposit to one month's rent, extends the time period between granting a judgment of possession in favor of a landlord and executing a warrant of restitution, and places restrictions on evictions during extreme weather events. Finally, SB481 creates a right of first refusal in certain circumstances, allowing renters the opportunity to purchase the property in which they reside. MLSC supports all of these provisions as they build upon work the General Assembly has conducted over the course of several years in establishing the Access to Counsel in Evictions Program and Taskforce. **The provisions in SB481 recognize that evictions result in great economic burdens on both landlords and tenants, break up communities, hurt prospects for future employment and housing, and increase the need for homeless services. In short, eviction negatively affects everyone involved in the process.**

For all the foregoing reasons, MLSC strongly supports Senate Bill 481 and urges a favorable report. If we can provide any further information or assistance, please do not hesitate to contact Michelle Siri, Executive Director, at 410-576-9494 x1009, or [msiri@mlsc.org](mailto:msiri@mlsc.org).