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HB451 TAX ASSISTANCE FOR LOW-INCOME MARYLANDERS FUNDING Favorable

The Maryland Access to Justice Commission (A2JC) is an independent entity powered by the Maryland State Bar Association (MSBA). We unite leaders to drive reforms and innovations to make the civil justice system accessible, equitable and fair for all Marylanders. Prominent leaders from different segments of the legal community in Maryland – including the deans of the two law schools, law firm partners, heads of the legal services providers and funders, corporate counsel, academics, legislators, the state bar and judiciary comprise the A2JC.

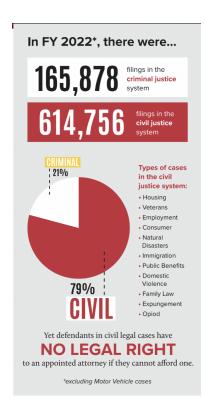
The three low income tax credit entities in the state each sit on A2JC, including the deans of University of Baltimore Law School, University of Maryland Carey Law School and the Executive Director of Maryland Volunteer Lawyers Service.

A2JC has found that one of the most impactful ways to make the civil justice system accessible, equitable and fair for all Marylanders is to ensure that Marylanders who become entangled in the civil justice system have an ability to access civil legal aid and receive the level of legal help they need to resolve their civil legal issue. This help ranges from legal information, brief advice, limited scope representation to full legal representation.

Maryland's civil justice system accounts for approximately 79% of the total number of cases in the state civil and criminal justice systems combined, if we exclude motor vehicle cases. That means that in FY2022, of the 614,756 total cases in District and Circuit Courts in Maryland, almost 166,00 were civil legal cases (see chart below).

The civil justice system is a complex maze, sprawling in state and federal courts and government agencies that has an outsized impact on the most vulnerable Marylanders. The civil justice system covers all noncriminal areas of law and deals with the legal aspects of many life-altering issues like housing, employment, consumer protection, immigration, natural disasters, family law, domestic violence, public benefits and veteran's benefits, expungement - and tax issues.

The Legal Services Corporation, the largest funder of civil legal aid in the nation, released a <u>Justice Gap Report in 2022</u> that highlighted that a whopping 74% of the low-income American households experienced at least one civil legal problem in the



past year. Yet, the persons and families experiencing these life-altering problems do not get any legal help or not enough legal help for 92% of the civil legal problems that have an impact on them.

The main reason that so many people have to go it alone is that there is no right to counsel if a person cannot afford an attorney in most areas of the civil legal system, compared to the criminal legal system. Thus, 80% of Marylanders receive no help with their civil legal problem.

Maryland's civil legal aid organizations and legal clinics in the law schools are the primary resource for ensuring vulnerable populations have equal access to civil justice in the civil justice system. Civil legal aid attorneys provide free civil legal services to low-income individuals throughout the state, and regularly handle a variety of civil matters, including housing disputes, domestic violence cases, immigration issues, expungements, public benefits claims, consumer law, bankruptcies, debt collection matters, child custody cases and disputes in tax matters. The services civil legal aid attorneys provide are life-changing; without their assistance many people would face homelessness, lose custody of their children, have to endure domestic violence, face deportation, and be unable to obtain jobs or housing

due to criminal records.

Yet, Maryland's civil legal aid community is chronically underfunded. Funding for this important work comes from different sources, including foundation funding, state and local funding and individual donors; however, there is not a line item in our state budget for civil legal aid funding.

The Maryland Access to Justice Commission recognizes the need for additional funding support for providing civil legal assistance to vulnerable Marylanders facing complex tax problems. Tax problems can be overwhelming and complex and include issues such as the following:

- Denial of tax credits (EITC, child);
- Audits (in the U.S. those who claim the EITC are audited at a higher rate than wealthy individuals;
- Refund claims;
- Innocent spouse relief;
- US Tax Court litigation; and
- Collections.

This bill would ensure that more low-income Marylanders get the civil legal help they need.

For the reasons stated above, A2JC requests the House Ways and Means Committee to issue a FAVORABLE report HB451. For more information, please contact Reena K. Shah, Executive Director of the Maryland Access to Justice Commission, at reena@msba.org.