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SB 232 - Civil Cases – Surcharges

Hearing before the Judicial Proceedings Committee on January 26, 2020

Position: Favorable With Amendments

SB 232 will fill a critical budget gap for legal services in Maryland through a small increase in the filing fee surcharge directed to the Maryland Legal Services Corporation (MLSC). Grants from MLSC comprise a significant portion of the Public Justice Center’s annual legal services budget for providing advice and representation to over 700 low-income tenant households facing eviction and serious property defects each year.

Without the proposed surcharge, MLSC will be forced to decrease its grant funding to organizations like the Public Justice Center (PJC), which will then require the PJC to likely lay off attorney and paralegal staff.

Such a reduction in legal services to tenants facing eviction could not come at a worse time. Even before COVID-19, PJC already had to turn away hundreds of applicants for assistance annually because of our limited resources. With the pandemic continuing to rage and over 2,500 households evicted in Maryland from March through November 2020, the need for legal representation for tenants facing eviction has never been greater.

Legal representation works. According to one recent study in Baltimore City by Stout Risius Ross, 92% of tenants with representation in eviction cases avoid the disruptive displacement of their family. This is in part because legal representation levels the playing field: While 96% of landlords are represented by attorneys or specialized agents, only 1% of tenants are represented in eviction cases. The study is available at <https://bmorerentersunited.org/rtc/>

We also agree with the position that this increased surcharge should not be passed on to tenants who are facing eviction because such a fee only makes it more difficult for a tenant to remain in stable, affordable housing. To that effect, we urge the Committee to adopt an amendment that will strengthen the provision in the bill that seeks to prohibit passing on the surcharge to tenants facing eviction. The current draft does not provide the tenant a remedy if an unscrupulous

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landlord does pass on the fee. Further, we are concerned that unscrupulous landlords will create an end-run around the prohibition as drafted. For example, many landlords already use specialized eviction court agents to file rent complaints and represent them in court. Such a rent court agent could pay the increased surcharge themselves, pass that fee on to the landlord, and then the landlord will pass that fee on to the tenant as an increased “agent fee.” We are currently working on amendment language that will strengthen the prohibition on passing the surcharge through to tenants facing eviction and will provide suggested language to the Committee.

Please issue a report of FAVORABLE WITH AMENDMENT on SB 232. If you have any questions, please contact Matt Hill, hillm@publicjustice.org, 410-625-9409, ext. 229.