



Renters United Maryland and Attorney General Brian Frosh Support HB 31 – No Amendments

End Serial Eviction Filing; Protect Tenants From Fee Increase; Fund MLSC

HB 31 as amended:

- Increases three filing surcharges:
 1. \$30 increase on circuit court complaints
 2. \$42 increase on failure to pay rent eviction complaints
 3. \$10 on other district court complaints.
- The circuit court and district court surcharges fill the COVID-related FY 2022 budget gap for MD Legal Services Corp. (MLSC).
- The \$42 rent court filing surcharge increase may not be passed through to the tenant and is allocated mostly to the Access to Counsel Fund in HB 18.
- There is a three-year sunset on the \$42 rent court filing surcharge.



HB 31 ends the state subsidy for landlords filing eviction actions—encouraging landlords to work with tenants before automatically filing rent court complaints (serial filing).

- Housing Court must be about Housing Justice – not the frontline of landlord debt collection. Today the opposite is true in Maryland. Over 660,000 eviction complaints are filed each year (pre-pandemic) with only approximately 730,000 renter households.
- Why? Because the General Assembly has given landlords cheap, easy access to a state-financed debt collection system called “rent court.”
- Maryland’s current rent eviction filing fee at \$15 is far below the national average of \$112; Maryland’s eviction filing rate is 92.5%; the national average for 2016 was 6.1%



The \$42 increase on rent court filings with the pre-filing notice and access to counsel in HB 18 will decrease the incentive for landlords to file each month when the rent is one day late. Landlords should call, send a notice, or attempt a payment plan before filing for eviction.



We strongly urge the Senate to resist any amendment that would allow the \$42 increase on rent complaints to be passed on to the tenant under any circumstances.

1. **Allowing the pass-through of a \$42 surcharge to tenants means a \$19M fee increase on the backs of low-income renters trying to avoid an eviction.** Even if eviction filings are reduced by 25% and 32,000 tenants receive counsel in eviction cases, that leaves appx. 460,000 unrepresented eviction filings.
2. **Allowing a fee pass-through means more evictions, not less.** In order to “pay and stay” from a rent court judgment, the tenant must pay all back rent, late fees, and court costs. We have seen numerous tenants who have paid the rent but been evicted because they couldn’t pay the fees.
3. **Allowing a fee pass-through to tenants defeats the purpose of the bill, which is to disincentivize serial eviction filing** (month after month when rent is one day late). If the landlord can recover the increased fee, it will have little effect on landlord eviction filings.
4. **Tenants still have an incentive to pay the rent in a timely fashion because landlords can still assess a 5% late fee and court filing fee – just not this increased surcharge.**
5. **HB 31 funding Access to Counsel will likely assist 32,000 tenants who have a defense. It does not solve Maryland’s significant affordability gap:** [There are 193,819 extremely low-](#)

[income \(\\$31,600/year for family of four\) renter households in Maryland. 74% of those households are severely cost-burdened, i.e., paying more than 50% of their income toward rent.](#) These households are one paycheck or unexpected expense away from facing an eviction action and are often behind on the rent.



HB 31 is the result of significant compromises including lowering the amount of the surcharge increase, and sunseting the eviction filing fee increase after 3 years. This will provide time to evaluate the effectiveness of the measure and make any needed adjustments.

FREQUENTLY ASKED QUESTIONS

1. Why don't we let the Court decide who the fee should be assessed to?

“Judicial discretion” is what happens now. In all default judgments, the court has “discretion” to award court costs against tenants. Anytime the landlord gets a judgment, the court automatically assesses the court costs. Even if the case doesn't go to trial, the landlord assesses the costs against the tenant via their lease provisions – even if the case is dismissed. The tenant virtually always loses. Allowing the court to decide on whether to pass through the fee would defeat the entire purpose of the bill.

2. No other state does this. Why deviate from the prevailing party gets court costs?

While no other state does quite what HB 31 does, other states discourage serial eviction filing. D.C. has an unlimited right to redeem and also requires the landlord to send a 30-day notice of delinquency before filing for eviction. Their filing rate is 15.6%; Maryland's rate is 92.5%.

Maryland also imposes certain fees in real property transactions that cannot be passed on to the consumer. Lenders may not impose a lender's inspection fee in connection with a residential mortgage loan. Md. Code Ann., Com. Law § 12-121(b). Lenders also cannot impose a fee for maintaining an escrow account for a residential mortgage. *Id.* § 12-109.2.

Raising this fee is about discouraging serial eviction filing, which has an enormous negative impact on renters and their ability to maintain safe, stable housing (having to miss work to go to court to defend the case; multiple strikes on their rental history making it harder to rent a new place, etc.). Passing the fee onto the tenant would defeat the purpose of the bill. Further, renters are not awarded court costs in rent escrow cases, even when they prevail.

3. Isn't the right of redemption the problem that causes this serial filing? Isn't Maryland the only state that allows this?

No, Maryland isn't the only state. D.C. and New York allow 3 or more redemptions in a year. Virginia allows one such redemption. Maryland also has an incredibly fast, unique eviction process. In essence, the Court is used in Maryland by many landlords as a collection agency. Maryland also provides for an eviction trial only 5 days after a complaint is filed. These landlord-friendly features and state-subsidized filing fee explain the high eviction filing rate. Raising the fee without passing it onto tenants is one way to end this serial filing practice.



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