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HOUSE BILL 1050 Access to Counsel in Evictions – Funding

STATEMENT OF INFORMATION

DATE: March 1, 2023

COMMITTEE: House Appropriations

SUMMARY OF BILL: HB 1050 requires \$14 million of abandoned property funds to be distributed, after superseding distributions, to the Access to Counsel in Evictions special fund (the special fund) and requires the Governor’s budget to include an appropriation for this \$14 million, annually.

EXPLANATION: The Access to Counsel in Evictions program (the Program), administered by the Maryland Legal Services Corporation, was established by Chapter 756 of 2021 to provide eligible tenants with access to legal representation in eviction and subsidy termination. The Program began taking clients in July 2022. The Program’s administration is supported by the special fund. Under current law, the special fund will begin receiving funding from any final settlement or judgment against a party related to an investigation or enforcement of the Maryland Consumer Protection Act in FY 2024, and annually thereafter. Additionally, the special fund will receive a one-time \$14 million distribution from the abandoned property funds in FY 2024, assuming sufficient funding is available after superseding distributions. The Department of Housing and Community Development is expected to transfer \$5.4 million from the Emergency Rental Assistance program.

HB 1050 would permanently distribute the \$14 million from the abandoned property fund to the special fund, assuming sufficient funding is available after superseding distributions. After all superseding distributions, including that to the Access to Counsel in Evictions special fund, the remaining abandoned property funding is transferred to the General Fund. Under current law, General Fund revenue is reduced by at most \$14 million for this reason in FY 2024 only. HB 1050 would permanently reduce General Fund revenue by \$14 million at most and increase special fund expenditures by \$14 million at most, annually.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and strives to create a structurally balanced budget, in which the growth in spending is less than the growth in revenues. In light of current economic uncertainty and the potential for a downturn, the Department urges caution in passing legislation significantly expanding State required expenditures without offsetting revenues. General fund mandates can have the effect of crowding out the State’s ability to fund staffing, salary adjustments, and in general invest strategically and holistically in State government’s human capital and the infrastructure required to carry out State government’s mission. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes.

General Fund Structural Budget Outlook, Fiscal 2024 – 2028 (\$ millions)

	Est. 2024	Est. 20235	Est. 2026	Est. 2027	Est. 2028
Structural Balance	\$337	\$232	\$263	\$529	\$1,113
Adjusted for Blueprint				-\$963	-\$1,207

Department of Legislative Services, January 2023 Fiscal Briefing

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