

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 1297
Judiciary

(Delegate Giannetti)

Criminal Law - Housing Assistance - Fraud

This bill makes it a misdemeanor to knowingly make a misstatement of a material fact to influence a State housing agency regarding an application for housing assistance or an action affecting housing aid already provided. A violator is subject to a fine not exceeding \$5,000 or imprisonment not exceeding three years, or both.

The bill defines housing assistance as financial assistance offered to obtain housing based on need under a program administered by a housing agency and financed wholly or partially by federal, State, or local funds. Financial assistance under the bill is defined as any form of assurance, guarantee, grant, payment or other assistance, including a loan, loan guarantee, or reduction in the principal obligations of or rate of interest payable on a loan or portion of a loan. Housing agencies include local housing authorities and the Department of Housing and Community Development (DHCD).

Fiscal Summary

State Effect: Potential minimal increase in general fund revenues and expenditures from the bill's penalty provisions.

Local Effect: Potential increase in revenues and expenditures due to the bill's penalty provisions.

Small Business Effect: Potential minimal. To the extent that small businesses and nonprofit organizations are convicted of the violations covered under the bill, they would be affected.

Analysis

Current Law: Any person who applies for a loan may not knowingly make or cause any false statement or report to be made to influence DHCD's action on a loan application or a loan already made for the following programs: Rental Housing Production, Group Home Financing, Settlement Expense Loan, Partnership Rental Housing, Lead Hazard Reduction Grant, and Lead Hazard Reduction Loans. A violator is guilty of a misdemeanor and upon conviction is subject to a fine not exceeding \$50,000 or imprisonment not exceeding five years or both.

A person who commits these actions for an application involving the Maryland Home Financing or Maryland Housing Rehabilitation programs is also guilty of a misdemeanor and, upon conviction, is subject to a fine not exceeding \$5,000 or imprisonment not exceeding two years or both.

Background: DHCD advises that it is a misdemeanor to make a false statement on applications for most of its programs; however, a few programs such as Elderly Rental Housing are exempt. It further advises that the types of assistance generally offered by housing authorities, such as leases for property rentals and Section 8 vouchers, may not be considered financial assistance under the legislation.

State Revenues: General fund revenues could increase minimally as a result of the bill's monetary penalty provision from cases heard in the District Court.

State Expenditures: General fund expenditures could increase minimally as a result of the bill's incarceration penalty due to more people being committed to Division of Correction (DOC) facilities and increased payments to counties for reimbursement of inmate costs. The number of people convicted of this proposed crime is expected to be minimal.

Persons serving a sentence longer than one year are incarcerated in DOC facilities. Currently, the average total cost per inmate, including overhead, is estimated at \$1,700 per month. This bill alone, however, should not create the need for additional beds, personnel, or facilities. Excluding overhead, the average cost of housing a new DOC inmate (including medical care and variable costs) is \$288 per month.

Persons serving a sentence of one year or less in a jurisdiction other than Baltimore City are sentenced to local detention facilities. The State reimburses counties for part of their incarceration costs, on a per diem basis, after a person has served 90 days. State per diem reimbursements for fiscal 2002 are estimated to range from \$9 to \$52 per inmate depending upon the jurisdiction. Persons sentenced to such a term in Baltimore City are

generally incarcerated in DOC facilities. The Baltimore City Detention Center, a State-operated facility, is used primarily for pretrial detentions.

Local Revenues: Revenues could increase minimally as a result of the bill's monetary penalty provision from cases heard in the circuit courts.

Local Expenditures: Expenditures could increase minimally as a result of the bill's incarceration penalty. Counties pay the full cost of incarceration for people in their facilities for the first 90 days of the sentence, plus part of the per diem cost after 90 days. Per diem operating costs of local detention facilities are expected to range from \$17 to \$77 per inmate in fiscal 2002.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Public Safety and Correctional Services, Department of Housing and Community Development, Department of Legislative Services

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