

Department of Legislative Services
Maryland General Assembly
2023 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 409
(Delegate Acevero)
Health and Government Operations

State Government - Maryland Reparations Commission - Establishment (Harriet Tubman Community Investment Act)

This bill establishes the Maryland Reparations Commission, staffed by the Maryland State Archives (MSA). The purpose of the commission is to develop and administer a program for the provision of compensatory benefits to descendants of individuals enslaved in the State. Benefits include a cash sum, reimbursement for tuition at institutions of higher education in the State, and assistance with applications for low-interest loans and mortgages. For each fiscal year, the Governor must include in the annual budget bill an appropriation in an amount sufficient to carry out the bill's requirements. The commission must adopt regulations to implement the bill. The bill also expresses legislative intent.

Fiscal Summary

State Effect: General fund expenditures increase significantly beginning in FY 2024 for payment of compensatory benefits to eligible applicants and staff for the commission; total expenditures likely exceed \$1.0 million and may total millions annually. Revenues are not affected.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: None.

Analysis

Bill Summary:

Eligibility and Applications

Any individual whose ancestors were enslaved in the State is eligible to receive benefits administered by the commission.

The commission must develop (1) an application form that allows an applicant to include evidence that the applicant is descended from individuals enslaved in the State and (2) a process for approving applications for benefits. The application form must include a notice that any information submitted by an applicant may be shared with State agencies to determine eligibility.

The commission must adopt common procedures for evaluating evidence submitted with an application and determining whether applicants are descended from individuals enslaved in the State. The commission may seek the assistance of State agencies in developing those procedures and evaluating any submitted evidence. To the extent authorized by law, State agencies must assist the commission in evaluating evidence when the commission requests assistance.

Compensatory Benefits

Any applicant determined by the commission to be descended from individuals enslaved in the State must be paid a cash sum determined by the commission. In calculating the sum, the commission must consider the length and conditions of the enslavement of the individual(s) from whom the applicant is descended. The commission must also reimburse an eligible applicant for any tuition payment the applicant makes to any institution of higher education in the State.

The commission must cooperate with banking institutions and State agencies to assist any eligible applicant in applying for and receiving loans with low collateral and interest rates to the extent authorized by law. The commission must also cooperate with banking institutions to assist any eligible applicant in applying for and receiving mortgages with low-interest rates to the extent authorized by law.

The bill expresses legislative intent that private businesses and organizations in the State that have benefited from the institution of slavery work proactively with the commission to provide funds and avenues for compensation for people determined to be descended from individuals enslaved in the State.

Current Law: There is no relevant State law. In the November 2021 election, voters in Greenbelt passed a referendum directing the city council to establish a 21-person commission to review, discuss, and make recommendations related to local reparations for African American and Native American residents of Greenbelt.

State Expenditures: General fund expenditures increase significantly beginning in fiscal 2024 as the Maryland Reparations Commission begins to issue benefit awards to individuals whose ancestors were enslaved in the State. The total impact depends on various unknown factors, including (1) the process established by the commission for applicants; (2) how many individuals apply for and are eligible to receive benefits each year; and (3) how much money is awarded to each eligible applicant. Even so, the commission is likely to receive hundreds, if not thousands, of applications each year, and total expenditures for benefits are likely to exceed \$1.0 million annually, particularly in the first few years of the program when the commission is likely to receive the most applications.

General fund expenditures increase further as MSA requires additional staff for the commission. Specifically, for each application for benefits, the commission and staff must review any evidence submitted (some of which may be technical genealogical evidence), conduct research, and correspond with other State agencies and private entities to determine whether an applicant is eligible. Once deemed eligible for payments, commission staff may also have to assist the applicant in applying for and receiving loans and/or mortgages.

Due to the significant amount of work required for each application and the likelihood of the commission receiving hundreds, if not thousands, of applications each year, MSA likely needs *at least* five additional staff (one program manager, one financial officer, and three analysts to review and evaluate applications) at an approximate cost of more than \$374,000 annually. More staff may be needed depending on the number of applications the commission receives each year.

Any expense reimbursements for commission members can be absorbed within existing budgeted resources.

While the bill requires the Governor to include in the annual budget bill an appropriation sufficient to implement the bill, including any money required to be paid to applicants pursuant to the bill, the bill's language does not meet the requirements necessary to establish a mandated appropriation. Generally, any legislation mandating funding for a program must include either an exact dollar figure or a funding formula that makes it possible to compute the level of funding required.

Additional Information

Prior Introductions: Similar legislation has been introduced within the last three years. See HB 594 of 2022; HB 121 of 2021; and HB 1201 of 2020.

Designated Cross File: None.

Information Source(s): Maryland State Archives; City of Greenbelt; Department of Commerce; Maryland Commission on Civil Rights; Baltimore City Community College; University System of Maryland; Morgan State University; Maryland Independent College and University Association; Department of Budget and Management; Department of Housing and Community Development; Department of Legislative Services

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