

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 171

(Senator Augustine)

Judicial Proceedings

Landlord and Tenant – Office of Home Energy Programs – Financial Assistance

This bill requires a landlord to accept financial assistance from the Office of Home Energy Programs (OHEP) within the Department of Human Services (DHS) for the cost of utility services that a tenant is required to pay. A landlord must provide a tenant, on request, with utility service documentation necessary for OHEP to determine the tenant's eligibility for financial assistance, as specified. The bill authorizes imposition of an administrative penalty for noncompliance; penalty revenues accrue to the general fund.

Fiscal Summary

State Effect: General fund expenditures increase by \$248,400 in FY 2025. Future years reflect annualization and inflation. General fund revenues increase, likely minimally, as a result of the bill's monetary penalty provision.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	-	-	-	-	-
GF Expenditure	\$248,400	\$296,900	\$310,100	\$323,600	\$337,800
Net Effect	(\$248,400)	(\$296,900)	(\$310,100)	(\$323,600)	(\$337,800)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not affect local government operations or activities.

Small Business Effect: Meaningful.

Analysis

Bill Summary: Subject to confidentiality requirements of State and federal law, at the request of a tenant, a landlord must provide a tenant with utility service documentation that

is (1) accessible to the landlord, but otherwise inaccessible to the tenant and (2) necessary for OHEP to determine the eligibility of the tenant for financial assistance. The utility service documentation must be provided at no cost to the tenant and include bills and other statements related to utility services.

For each violation of the bill's provisions, DHS *may* impose an administrative penalty of \$500 for a first offense; subsequent violations are subject to an administrative penalty of \$1,000.

Current Law: Generally, OHEP provides energy assistance benefits in the form of bill payment assistance for electric and heating customers and arrearage assistance to electric and natural gas customers. Among other responsibilities, OHEP administers two main energy assistance programs for residential customers: (1) the Electric Universal Service Program, which provides bill payment and arrearage assistance for electric customers and (2) the Maryland Energy Assistance Program, which provides bill payment assistance for home heating bills, natural gas arrearage assistance, and crisis assistance for a variety of heat sources and for electric customers (and serves as Maryland's version of the federal Low Income Home Energy Assistance Program). Landlord participation in and cooperation with OHEP is not mandated.

State Fiscal Effect: DHS advises that OHEP requires 120 new positions to implement the bill with associated expenditures of \$9.7 million in fiscal 2025 and at least \$11.0 million annually thereafter. According to DHS, 100 of these positions would be responsible for drafting agreements with landlords and monitoring and enforcing the requirements of the bill at the local level for all of the State's estimated 832,000 rental units. The remaining positions would be 18 administrators and 2 assistant Attorneys General to provide supervisory oversight, legal support, and administrative support for enforcement efforts.

The Department of Legislative Services (DLS) disagrees with the estimated fiscal impact provided by DHS. While DLS acknowledges that the requirements of the bill create new responsibilities and duties for OHEP, the magnitude of the associated workload is likely *significantly* less than what is anticipated by DHS. Furthermore, the bill does not change the eligibility qualifications for the affected programs. For purposes of this analysis, it is generally assumed that when tenants interested in applying for OHEP benefits report any noncompliance by landlords, the relevant information can be forwarded to designated (centrally located) staff charged with enforcement. It is further assumed that expected complaint activity generates the need for at least two administrative specialists and one assistant Attorney General to investigate reports of noncompliance and seek administrative penalties, as authorized by the bill. Accordingly, general fund expenditures increase by \$248,390 in fiscal 2025, which accounts for the bill's October 1, 2024 effective date. This estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	3.0
Salaries and Fringe Benefits	\$226,622
Other Operating Expenses	<u>21,768</u>
Total FY 2025 State Expenditures	\$248,390

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. To the extent that a higher than anticipated number of complaints are received (and/or OHEP receives an increased volume of applicants for benefits that is directly attributable to the bill) and the staffing level accounted for above proves insufficient, DHS can request additional resources through the annual budget process.

Small Business Effect: Small business landlords must provide specified documentation to tenants and are subject to an administrative penalty if found in violation of the bill's provisions.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 139 (Delegate Charkoudian) - Environment and Transportation.

Information Source(s): Office of the Attorney General (Consumer Protection Division); Department of Human Services; Department of Legislative Services

Fiscal Note History: First Reader - January 28, 2024
km/jkb

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