

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 Third Reader

Senate Bill 1142

(Senators Zucker and Guzzone)

Budget and Taxation

Appropriations

Tax Clinics for Low-Income Marylanders - Funding

This bill restores, beginning in fiscal 2025, a previously mandated annual distribution of \$250,000 from the State’s Unclaimed Property Fund to the Tax Clinics for Low-Income Marylanders Fund (TCLIM). **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: General fund revenues decrease by \$250,000 annually beginning in FY 2025; TCLIM revenues and expenditures increase by the same amount, and higher education revenues and expenditures increase by a portion of that amount (\$166,700). The FY 2025 budget as introduced anticipates the distribution of \$250,000 from the State’s Unclaimed Property Fund to TCLIM, as required under previous law. **This bill establishes a mandated distribution beginning in FY 2025.**

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GF Revenue	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
SF Revenue	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Higher Ed Rev.	\$166,700	\$166,700	\$166,700	\$166,700	\$166,700
SF Expenditure	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Higher Ed Exp.	\$166,700	\$166,700	\$166,700	\$166,700	\$166,700
Net Effect	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapters 678 and 679 of 2021 established TCLIM, a special, nonlapsing fund administered by the Comptroller, to provide grants to the University of Maryland School of Law, the University of Baltimore School of Law, and the Maryland Volunteer Lawyers Service to operate tax clinics for low-income Maryland residents. The Acts required a distribution of \$250,000 from the Unclaimed Property Fund to TCLIM in each of fiscal 2022 and 2023. Chapters 495 and 496 of 2023 permanently extended the distribution beyond fiscal 2023; however, Chapter 641 of 2023, which was subsequently signed into law, repealed the affected provision of law, as discussed further in the Additional Comments section of this fiscal and policy note.

Each fiscal year, the total amount of grant money expended from TCLIM to support tax clinics must be distributed as follows: (1) one-third to the University of Maryland School of Law; (2) one-third to the University of Baltimore School of Law; and (3) one-third to the Maryland Volunteer Lawyers Service.

State Fiscal Effect: As noted above, the bill requires the Comptroller to annually distribute \$250,000 from the State's Unclaimed Property Fund to TCLIM beginning in fiscal 2025. After required distributions, remaining funds within the Unclaimed Property Fund are distributed to the general fund; thus, general fund revenues decrease by \$250,000 annually beginning in fiscal 2025. TCLIM revenues and expenditures increase by a corresponding amount as the funds are received and distributed as grants. Higher education revenues and expenditures for the University System of Maryland increase by \$166,667 annually beginning in fiscal 2025, reflecting the share of TCLIM grants distributed to and expended by the University of Maryland School of Law and the University of Baltimore School of Law. The bill is not anticipated to affect funding for the Access to Counsel in Evictions Special Fund, which receives a subsequent distribution from the Unclaimed Property Fund.

The fiscal 2025 budget as introduced anticipates the distribution of \$250,000 from the State's Unclaimed Property Fund to TCLIM, as required by Chapters 495 and 496 prior to the enactment of Chapter 641.

Additional Comments: As noted above, Chapters 495 and 496 permanently extended the annual \$250,000 distribution from the State's Unclaimed Property Fund to TCLIM, which previously applied only to fiscal 2022 and 2023. However, Chapter 641 ("Access to Counsel in Evictions – Funding") repealed the affected provision of law. Independent of the other legislation, the change appears to have been intended as a deletion of an obsolete provision. As Chapter 641 was signed into law after Chapters 495 and 496, Chapter 641, which removes the distribution provision, controls. The bill restores this funding source for TCLIM in fiscal 2025 and future years but does not restore the distribution in fiscal 2024.

It is worth noting that the Department of Legislative Services 2023 [Fiscal Effects Report](#) assumes a \$250,000 distribution to TCLIM in fiscal 2024 and future years based on Chapters 495 and 496 – as do the fiscal 2024 budget and fiscal 2025 budget as introduced.

Additional Information

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

Designated Cross File: HB 1506 (Delegate Rosenberg) - Rules and Executive Nominations.

Information Source(s): Comptroller's Office; Judiciary (Administrative Office of the Courts); University System of Maryland; Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2024
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Analysis by: Elizabeth J. Allison

Direct Inquiries to:
(410) 946-5510
(301) 970-5510