

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 896 (Delegate Stewart)
 Environment and Transportation

Human Relations - Discrimination in Housing - Income-Based Housing Subsidies

This bill prohibits, except as authorized under federal law, a landlord or residential rental property that uses financial information (including credit history) as part of a prospective tenant’s rental application from refusing to rent to a prospective tenant who pays rent with the assistance of an income-based housing subsidy on the basis of the prospective tenant’s income, credit score, lack of credit score, or adverse credit history. The bill establishes such an action as a discriminatory housing practice, subject to enforcement by the Maryland Commission on Civil Rights (MCCR). A landlord that receives funding from a governmental entity, a quasi-governmental entity, or a nonprofit organization that requires income qualification for tenants in income-restricted rental units may collect financial information from a prospective tenant if the collection of such information is a condition of the funding.

Fiscal Summary

State Effect: General fund expenditures for MCCR increase by \$128,200 in FY 2026; future years reflect annualization and inflation. The bill does not otherwise materially affect State operations or finances.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	128,200	148,900	155,600	162,500	169,400
Net Effect	(\$128,200)	(\$148,900)	(\$155,600)	(\$162,500)	(\$169,400)

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

Local Effect: The bill is not anticipated to materially affect local government operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: “Income-based housing subsidy” means recurring monetary assistance to a landlord from a governmental entity or nonprofit organization that is intended to defray, in whole or in part, a tenant’s rent obligation. This includes low-income housing assistance certificates and vouchers issued under the United States Housing Act of 1937.

Current Law: In general, State law prohibits housing discrimination because of race, sex, color, religion, national origin, marital status, familial status, sexual orientation, gender identity, *source* of income, or disability. Discriminatory housing practices include (1) the refusal to rent, sell, or otherwise make available a dwelling; (2) discrimination with regard to terms or conditions of sale or rentals of dwellings; and (3) discrimination with regard to the making or purchasing of loans or providing other financial assistance. Prohibited practices also include retaliation, coercion, intimidation, or threats because a person exercises the rights and protections granted by State law to prevent discrimination.

Chapters 116 and 117 of 2020 established the prohibition of discrimination on the basis of a person’s *source* of income. “Source of income” is any lawful source of money paid directly or indirectly to or on behalf of a renter or buyer of housing, including income from (1) any lawful profession, occupation, or job; (2) any government or private assistance, grant, loan, or rental assistance program, including low-income housing assistance certificates and vouchers; (3) any gift, inheritance, pension, annuity, alimony, child support, or other consideration or benefit; and (4) any sale or pledge of property or an interest in property. Prohibitions against discrimination based on *source* of income do not:

- prohibit a person from determining the ability of a potential buyer or renter to pay a purchase price or pay rent by verifying in a commercially reasonable and nondiscriminatory manner the source and amount of income or creditworthiness of the potential buyer or renter;
- prevent a person from refusing to consider income derived from criminal activity; or
- prohibit a person from determining, in accordance with applicable federal and State laws, the ability of a potential buyer to repay a mortgage loan.

A person claiming to have been injured by a discriminatory housing practice may file a complaint with MCCR. Statutory provisions specify the process and requirements for complaints of housing discrimination, including the responsibilities of MCCR in investigating a claim and attempting conciliation and the circumstances under which a complainant, respondent, or aggrieved person must have an opportunity for an administrative hearing conducted by the Office of Administrative Hearings or may elect to file a civil action in circuit court. If an administrative law judge (ALJ) finds that the

respondent has engaged in a discriminatory housing practice, the ALJ may order appropriate relief, including actual damages and injunctive or other relief, and may assess a civil penalty against the respondent. A court may award actual or punitive damages, grant injunctive relief, and allow reasonable attorney's fees and costs.

State Expenditures: General fund expenditures for MCCR increase by \$128,244 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date. This estimate reflects the cost of hiring two civil rights officers to investigate an anticipated increase in complaints due to the bill. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$113,506
Operating Expenses	<u>14,738</u>
Total FY 2026 State Expenditures	\$128,244

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

MCCR advises that current staff are already working at capacity and unable to absorb additional complaints expected under the bill. MCCR further notes that it receives federal reimbursements for investigating complaints related to housing discrimination from the U.S. Department of Housing and Urban Development (HUD), but that any housing discrimination complaints filed under the scope of the bill are not eligible for reimbursement under MCCR's contractual relationship with HUD. Accordingly, MCCR needs to ensure that investigating any additional cases under the bill does not negatively impact its case closure rate and potentially impact federal funding.

Additional Information

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

Designated Cross File: SB 677 (Senator Gile) - Judicial Proceedings.

Information Source(s): Maryland Commission on Civil Rights; Judiciary (Administrative Office of the Courts); Department of Housing and Community Development; Department of Legislative Services

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js/jkb

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