

HOUSE BILL 1271

Q7, P1

6lr2233

By: **Delegates Ruff, Acevero, Conaway, Martinez, McCaskill, and Young**

Introduced and read first time: February 12, 2026

Assigned to: Government, Labor, and Elections and Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Reparations – Board, Fund, and Excise Tax on Endowments – Establishment**

3 FOR the purpose of establishing the Reparations Board to make certain examinations
4 regarding reparations payments and make recommendations to the Governor and
5 the General Assembly to provide grants to persons impacted by historic inequality;
6 establishing the Maryland Reparations Fund as a special, nonlapsing fund; requiring
7 interest earnings of the Fund to be credited to the Fund; imposing an excise tax on
8 nonpublic institutions that have an endowment of at least a certain amount;
9 requiring the revenue from the endowment excise tax to be deposited into the Fund
10 to provide grants to persons impacted by historic inequality; and generally relating
11 to reparations in the State.

12 BY repealing and reenacting, without amendments,
13 Article – State Finance and Procurement
14 Section 6–226(a)(2)(i) and (ii)
15 Annotated Code of Maryland
16 (2021 Replacement Volume and 2025 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – State Finance and Procurement
19 Section 6–226(a)(2)(iii)212. and 213.
20 Annotated Code of Maryland
21 (2021 Replacement Volume and 2025 Supplement)

22 BY adding to
23 Article – State Finance and Procurement
24 Section 6–226(a)(2)(iii)214. and 7–332
25 Annotated Code of Maryland
26 (2021 Replacement Volume and 2025 Supplement)

27 BY repealing and reenacting, without amendments,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – Tax – General
2 Section 1–101(a) and (g–1)
3 Annotated Code of Maryland
4 (2022 Replacement Volume and 2025 Supplement)

5 BY adding to
6 Article – Tax – General
7 Section 1–101(g–2); 2–4B–01 and 2–4B–02 to be under the new subtitle “Subtitle 4B.
8 Endowment Excise Tax Revenue Distribution”; 7.7–101 through 7.7–301 to be
9 under the new title “Title 7.7. Endowment Excise Tax”; and 13–201(4)(xx),
10 13–825(j), and 13–1001(h)
11 Annotated Code of Maryland
12 (2022 Replacement Volume and 2025 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 1–101(g–2), 2–102(a), 13–201(4)(xviii) and (xix), 13–508(a) and (c),
16 13–509(a), and 13–1002
17 Annotated Code of Maryland
18 (2022 Replacement Volume and 2025 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article – Tax – General
21 Section 13–508(a) and (c) and 13–509(a)
22 Annotated Code of Maryland
23 (2022 Replacement Volume and 2025 Supplement)
24 (As enacted by Chapter 638 of the Acts of the General Assembly of 2025)

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
26 That the Laws of Maryland read as follows:

27 **Article – State Finance and Procurement**

28 6–226.

29 (a) (2) (i) This paragraph does not apply in fiscal years 2024 through 2028.

30 (ii) Notwithstanding any other provision of law, and unless
31 inconsistent with a federal law, grant agreement, or other federal requirement or with the
32 terms of a gift or settlement agreement, net interest on all State money allocated by the
33 State Treasurer under this section to special funds or accounts, and otherwise entitled to
34 receive interest earnings, as accounted for by the Comptroller, shall accrue to the General
35 Fund of the State.

36 (iii) The provisions of subparagraph (ii) of this paragraph do not
37 apply to the following funds:

1 212. the Department of Social and Economic Mobility Special
2 Fund; [and]

3 213. the Population Health Improvement Fund; AND

4 214. THE MARYLAND REPARATIONS FUND.

5 7-332.

6 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
7 INDICATED.

8 (2) "BOARD" MEANS THE REPARATIONS BOARD.

9 (3) "FUND" MEANS THE MARYLAND REPARATIONS FUND.

10 (B) (1) THERE IS A REPARATIONS BOARD.

11 (2) (I) 1. THE BOARD CONSISTS OF:

12 A. TWO MEMBERS OF THE PUBLIC, APPOINTED BY THE
13 PRESIDENT OF THE SENATE;

14 B. TWO MEMBERS OF THE PUBLIC, APPOINTED BY THE
15 SPEAKER OF THE HOUSE;

16 C. SEVEN MEMBERS OF THE PUBLIC, APPOINTED BY THE
17 LEGISLATIVE BLACK CAUCUS; AND

18 D. TWO MEMBERS OF THE PUBLIC, APPOINTED BY THE
19 GOVERNOR.

20 2. THE PRESIDENT OF THE SENATE AND THE SPEAKER
21 OF THE HOUSE JOINTLY MAY APPOINT TWO LEGISLATORS TO THE BOARD TO SERVE
22 IN AN ADVISORY CAPACITY.

23 (II) THE GOVERNOR, THE PRESIDENT OF THE SENATE, AND
24 THE SPEAKER OF THE HOUSE JOINTLY SHALL APPOINT A CHAIR OF THE BOARD
25 FROM AMONG THE BOARD'S MEMBERS.

26 (3) (I) 1. THE TERM OF A MEMBER IS 6 YEARS.

27 2. THE TERMS OF THE MEMBERS ARE STAGGERED AS
28 FOLLOWS:

1 **A. THE TERMS OF FOUR INITIAL MEMBERS SHALL**
2 **TERMINATE ON JULY 1, 2030;**

3 **B. THE TERMS OF FOUR INITIAL MEMBERS SHALL**
4 **TERMINATE ON JULY 1, 2031; AND**

5 **C. THE TERMS OF FIVE INITIAL MEMBERS SHALL**
6 **TERMINATE ON JULY 1, 2032.**

7 **(II) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE**
8 **UNTIL A SUCCESSOR IS APPOINTED.**

9 **(III) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN**
10 **SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED.**

11 **(4) (I) A MEMBER OF THE BOARD MAY BE REMOVED WITHOUT**
12 **CAUSE WITH THE APPROVAL OF A THREE-FOURTHS VOTE OF THE BOARD.**

13 **(II) THE LEGISLATIVE BLACK CAUCUS MAY REMOVE MEMBERS**
14 **OF THE BOARD FOR CAUSE IN ACCORDANCE WITH THE PROCESS AND PROCEDURES**
15 **TO ADJUDICATE REMOVAL THAT ARE ESTABLISHED BY THE EXECUTIVE**
16 **NOMINATIONS COMMITTEES OF THE SENATE AND THE HOUSE OF DELEGATES.**

17 **(5) (I) A MAJORITY OF BOARD MEMBERS CONSTITUTES A**
18 **QUORUM.**

19 **(II) ACTION BY THE BOARD REQUIRES THE AFFIRMATIVE VOTE**
20 **OF A MAJORITY OF THE APPOINTED MEMBERS.**

21 **(6) A MEMBER OF THE BOARD:**

22 **(I) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE**
23 **BOARD; BUT**

24 **(II) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER**
25 **THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE**
26 **BUDGET, FOR DUTIES PERFORMED UNDER THIS SECTION.**

27 **(7) (I) EXCEPT AS PROVIDED IN THIS SUBSECTION, THE BOARD IS**
28 **EXEMPT FROM:**

29 **1. TITLE 10 AND DIVISION II OF THIS ARTICLE; AND**

1 **2. THE PROVISIONS OF DIVISION I OF THE STATE**
2 **PERSONNEL AND PENSIONS ARTICLE THAT GOVERN THE STATE PERSONNEL**
3 **MANAGEMENT SYSTEM.**

4 **(8) THE BOARD IS SUBJECT TO:**

5 **(I) THE PUBLIC INFORMATION ACT;**

6 **(II) THE OPEN MEETINGS ACT;**

7 **(III) THE MARYLAND PUBLIC ETHICS LAW; AND**

8 **(IV) TITLE 12, SUBTITLE 4 OF THIS ARTICLE.**

9 **(C) (1) THE PURPOSE OF THE BOARD IS TO MAKE RECOMMENDATIONS TO**
10 **THE GOVERNOR AND THE GENERAL ASSEMBLY TO PROVIDE GRANTS TO PERSONS**
11 **IMPACTED BY HISTORIC INEQUALITY.**

12 **(2) TO ACHIEVE ITS PURPOSE, THE BOARD SHALL:**

13 **(I) EXAMINE REPARATIONS PAYMENTS MADE AND BENEFITS**
14 **OFFERED IN THE UNITED STATES BY THE FEDERAL GOVERNMENT, STATES, CITIES,**
15 **RELIGIOUS INSTITUTIONS, AND COLLEGES AND UNIVERSITIES; AND**

16 **(II) USE ANY OTHER INFORMATION NECESSARY TO**
17 **RECOMMEND GRANTS UNDER THIS SECTION.**

18 **(D) (1) THERE IS A MARYLAND REPARATIONS FUND.**

19 **(2) THE PURPOSE OF THE FUND IS TO PROVIDE GRANTS TO PERSONS**
20 **IMPACTED BY HISTORICAL INEQUALITY.**

21 **(3) (I) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT**
22 **SUBJECT TO § 7-302 OF THIS SUBTITLE.**

23 **(II) THE STATE TREASURER SHALL HOLD THE FUND**
24 **SEPARATELY, AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

25 **(4) THE FUND CONSISTS OF:**

26 **(I) REVENUE DISTRIBUTED TO THE FUND UNDER TITLE 2,**
27 **SUBTITLE 4B OF THE TAX – GENERAL ARTICLE;**

1 (II) MONEY APPROPRIATED IN THE STATE BUDGET TO THE
2 FUND;

3 (III) INTEREST EARNINGS; AND

4 (IV) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED
5 FOR THE BENEFIT OF THE FUND.

6 (5) THE FUND MAY BE USED ONLY FOR:

7 (I) GRANTS TO PERSONS IMPACTED BY HISTORIC INEQUALITY;
8 AND

9 (II) THE ADMINISTRATION OF THE BOARD, USING UP TO 20% OF
10 THE MONEY IN THE FUND ANNUALLY.

11 (6) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF THE
12 FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

13 (II) ANY INTEREST EARNINGS OF THE FUND SHALL BE
14 CREDITED TO THE FUND.

15 (7) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN
16 ACCORDANCE WITH THE STATE BUDGET.

17 (8) MONEY EXPENDED FROM THE FUND IS SUPPLEMENTAL TO AND IS
18 NOT INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE
19 APPROPRIATED FOR A SIMILAR PURPOSE.

20 (E) (1) GRANTS PROVIDED UNDER THIS SECTION SHALL BE USED FOR
21 INITIATIVES THAT HAVE THE EXPLICIT GOAL OF REPAIRING INEQUITIES THAT
22 DERIVE FROM HISTORIC DISCRIMINATION.

23 (2) GRANTS PROVIDED UNDER THIS SECTION MAY NOT BE USED FOR
24 LAW ENFORCEMENT ACTIVITY.

25 (F) ON OR BEFORE OCTOBER 1, 2026, AND EACH OCTOBER 1 THEREAFTER,
26 THE BOARD SHALL REPORT TO THE GOVERNOR AND THE GENERAL ASSEMBLY, IN
27 ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, ON ITS
28 RECOMMENDATIONS FOR GRANTS.

29 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
30 as follows:

1 **Article – Tax – General**

2 1–101.

3 (a) In this article the following words have the meanings indicated.

4 (g–1) “Digital advertising gross revenues tax” means the tax imposed under Title
5 7.5 of this article.

6 **(G–2) “ENDOWMENT EXCISE TAX” MEANS THE TAX IMPOSED UNDER TITLE 7.7**
7 **OF THIS ARTICLE.**

8 ~~[(g–2)]~~ **(G–3)** (1) “Executive Director” means the Executive Director of the
9 Alcohol, Tobacco, and Cannabis Commission.

10 (2) “Executive Director” includes a deputy, an inspector, or any other
11 individual acting within the scope of the Executive Director’s authority.

12 2–102.

13 (a) In addition to the duties set forth elsewhere in this article and in other articles
14 of the Code, the Comptroller shall administer the laws that relate to:

15 (1) the admissions and amusement tax;

16 (2) the boxing and wrestling tax;

17 (3) the digital advertising gross revenues tax;

18 (4) **THE ENDOWMENT EXCISE TAX;**

19 **(5)** the income tax;

20 ~~[(5)]~~ **(6)** the Maryland estate tax;

21 ~~[(6)]~~ **(7)** the Maryland generation–skipping transfer tax;

22 ~~[(7)]~~ **(8)** the motor carrier tax;

23 ~~[(8)]~~ **(9)** the motor fuel tax;

24 ~~[(9)]~~ **(10)** the sales and use tax; and

25 ~~[(10)]~~ **(11)** the savings and loan association franchise tax.

1 **SUBTITLE 4B. ENDOWMENT EXCISE TAX REVENUE DISTRIBUTION.**

2 **2-4B-01.**

3 **FROM THE ENDOWMENT EXCISE TAX REVENUE, THE COMPTROLLER SHALL**
4 **DISTRIBUTE THE AMOUNT NECESSARY TO ADMINISTER THE ENDOWMENT EXCISE**
5 **TAX LAWS TO AN ADMINISTRATIVE COST ACCOUNT.**

6 **2-4B-02.**

7 **(A) AFTER MAKING THE DISTRIBUTION REQUIRED UNDER § 2-4B-01 OF**
8 **THIS SUBTITLE, THE COMPTROLLER SHALL DISTRIBUTE THE REMAINING**
9 **ENDOWMENT EXCISE TAX REVENUE TO THE MARYLAND REPARATIONS FUND**
10 **ESTABLISHED UNDER § 7-332 OF THE STATE FINANCE AND PROCUREMENT**
11 **ARTICLE.**

12 **(B) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT THE REVENUE**
13 **DISTRIBUTED UNDER SUBSECTION (A) OF THIS SECTION SUPPLEMENT, AND NOT**
14 **SUPPLANT, ANY OTHER FUNDING REQUIRED BY LAW.**

15 **TITLE 7.7. ENDOWMENT EXCISE TAX.**

16 **SUBTITLE 1. DEFINITIONS; GENERAL PROVISIONS.**

17 **7.7-101.**

18 **(A) IN THIS TITLE THE FOLLOWING WORDS HAVE THE MEANINGS**
19 **INDICATED.**

20 **(B) “ENDOWMENT” INCLUDES A TRUE ENDOWMENT, A TERM ENDOWMENT,**
21 **AND A QUASI-ENDOWMENT.**

22 **(C) “TAXABLE INSTITUTION” MEANS A NONPUBLIC INSTITUTION WITH AN**
23 **ENDOWMENT, INCLUDING THE PRINCIPAL AND INTEREST EARNINGS, OF AT LEAST**
24 **\$2,000,000,000.**

25 **7.7-102.**

26 **(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, AN EXCISE**
27 **TAX IS IMPOSED ON THE ENDOWMENT OF TAXABLE INSTITUTIONS LOCATED IN THE**
28 **STATE.**

1 ANY OFFICER OF THE CORPORATION WHO EXERCISES DIRECT CONTROL OVER ITS
2 FISCAL MANAGEMENT.

3 (C) IF A LIMITED LIABILITY COMPANY, OR LIMITED LIABILITY
4 PARTNERSHIP, INCLUDING A LIMITED PARTNERSHIP REGISTERED AS A LIMITED
5 LIABILITY LIMITED PARTNERSHIP, IS REQUIRED TO PAY THE ENDOWMENT EXCISE
6 TAX, PERSONAL LIABILITY FOR THE TAX AND INTEREST AND PENALTIES ON THE TAX
7 EXTENDS TO ANY PERSON WHO EXERCISES DIRECT CONTROL OVER THE FISCAL
8 MANAGEMENT OF THE LIMITED LIABILITY COMPANY OR LIMITED LIABILITY
9 PARTNERSHIP.

10 13-201.

11 In this subtitle, "tax information" means:

12 (4) any information contained in:

13 (xviii) a tobacco tax return; [or]

14 (xix) a transportation services assessment return; OR

15 (XX) AN ENDOWMENT EXCISE TAX RETURN.

16 13-825.

17 (J) THE COMPTROLLER MAY REQUIRE AN INSTITUTION SUBJECT TO THE
18 ENDOWMENT EXCISE TAX TO POST SECURITY FOR THE ENDOWMENT EXCISE TAX IN
19 THE AMOUNT THE COMPTROLLER DETERMINES.

20 13-1001.

21 (H) AN INSTITUTION THAT IS REQUIRED TO FILE AN ENDOWMENT EXCISE
22 TAX RETURN AND THAT WILLFULLY FAILS TO FILE THE RETURN AS REQUIRED
23 UNDER TITLE 7.7 OF THIS ARTICLE IS GUILTY OF A MISDEMEANOR AND ON
24 CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$5,000 OR IMPRISONMENT NOT
25 EXCEEDING 5 YEARS OR BOTH.

26 13-1002.

27 (a) A person who willfully files a false alcoholic beverage tax return OR AN
28 INSTITUTION THAT WILLFULLY FILES A FALSE ENDOWMENT EXCISE TAX RETURN is
29 guilty of perjury and, on conviction, is subject to the penalty for perjury.

30 (b) A person, including an officer of a corporation, who willfully files a false digital
31 advertising gross revenues tax return, a false financial institution franchise tax return, a

1 false public service company franchise tax return, or a false income tax return with the
2 intent to evade the payment of tax due under this article is guilty of perjury and, on
3 conviction, is subject to the penalty for perjury.

4 (c) Subsections (a) and (b) of this section apply to the alcoholic beverage, digital
5 advertising gross revenues, **ENDOWMENT EXCISE TAX**, financial institution franchise,
6 public service company franchise, and income taxes.

7 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
8 as follows:

9 **Article – Tax – General**

10 13–508.

11 (a) Within 30 days after the date on which a notice of assessment of the
12 admissions and amusement tax, alcoholic beverage tax, boxing and wrestling tax, digital
13 advertising gross revenues tax, **ENDOWMENT EXCISE TAX**, income tax, motor carrier tax,
14 motor fuel tax, public service company franchise tax, financial institution franchise tax,
15 sales and use tax, or tobacco tax is mailed, a person or governmental unit against which
16 the assessment is made may submit to the tax collector:

17 (1) an application for revision of the assessment; or

18 (2) except for the public service company franchise tax, if the assessment
19 is paid, a claim for refund.

20 (c) The Comptroller or an employee of the Comptroller's office expressly
21 designated by the Comptroller promptly:

22 (1) (i) shall hold an informal hearing on a person's or governmental
23 unit's admissions and amusement tax, alcoholic beverage tax, boxing and wrestling tax,
24 digital advertising gross revenues tax, **ENDOWMENT EXCISE TAX**, income tax, motor
25 carrier tax, motor fuel tax, sales and use tax, or tobacco tax application for revision or claim
26 for refund under subsection (a) of this section; and

27 (ii) after the hearing:

28 1. shall act on the application for revision; and

29 2. may assess any additional tax, penalty, and interest due;
30 and

31 (2) shall mail to the person or governmental unit a notice of final
32 determination.

33 13–509.

1 (a) Notwithstanding a person's failure to file a timely application for revision or
2 claim for refund of an assessment of the admissions and amusement tax, alcoholic beverage
3 tax, boxing and wrestling tax, digital advertising gross revenues tax, **ENDOWMENT**
4 **EXCISE TAX**, income tax, motor carrier tax, motor fuel tax, sales and use tax, or tobacco tax
5 under § 13-508(a) of this subtitle, the Comptroller or the Comptroller's designee may issue
6 an order decreasing or abating an assessment to correct an erroneous assessment.

7 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
8 as follows:

9 **Article – Tax – General**

10 13-508.

11 (a) Within 30 days after the date on which a notice of assessment of the
12 admissions and amusement tax, alcoholic beverage tax, boxing and wrestling tax, digital
13 advertising gross revenues tax, **ENDOWMENT EXCISE TAX**, hotel rental tax, income tax,
14 motor carrier tax, motor fuel tax, public service company franchise tax, financial institution
15 franchise tax, sales and use tax, or tobacco tax is mailed, a person or governmental unit
16 against which the assessment is made may submit to the tax collector:

17 (1) an application for revision of the assessment; or

18 (2) except for the public service company franchise tax, if the assessment
19 is paid, a claim for refund.

20 (c) The Comptroller or an employee of the Comptroller's office expressly
21 designated by the Comptroller promptly:

22 (1) (i) shall hold an informal hearing on a person's or governmental
23 unit's admissions and amusement tax, alcoholic beverage tax, boxing and wrestling tax,
24 digital advertising gross revenues tax, **ENDOWMENT EXCISE TAX**, hotel rental tax, income
25 tax, motor carrier tax, motor fuel tax, sales and use tax, or tobacco tax application for
26 revision or claim for refund under subsection (a) of this section; and

27 (ii) after the hearing:

28 1. shall act on the application for revision; and

29 2. may assess any additional tax, penalty, and interest due;
30 and

31 (2) shall mail to the person or governmental unit a notice of final
32 determination.

33 13-509.

1 (a) Notwithstanding a person's failure to file a timely application for revision or
2 claim for refund of an assessment of the admissions and amusement tax, alcoholic beverage
3 tax, boxing and wrestling tax, digital advertising gross revenues tax, **ENDOWMENT**
4 **EXCISE TAX**, hotel rental tax, income tax, motor carrier tax, motor fuel tax, sales and use
5 tax, or tobacco tax under § 13-508(a) of this subtitle, the Comptroller or the Comptroller's
6 designee may issue an order decreasing or abating an assessment to correct an erroneous
7 assessment.

8 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be
9 applicable to all taxable years beginning after December 31, 2025.

10 SECTION 6. AND BE IT FURTHER ENACTED, That Section 4 of this Act shall take
11 effect July 1, 2027, the effective date of Chapter 638 of the Acts of the General Assembly of
12 2025. If the effective date of Chapter 638 is amended, Section 4 of this Act shall take effect
13 on the taking effect of Chapter 638.

14 SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section
15 6 of this Act, this Act shall take effect July 1, 2026. Section 3 of this Act shall remain
16 effective until the taking effect of Section 4 of this Act. If Section 4 of this Act takes effect,
17 Section 3 of this Act, with no further action required by the General Assembly, shall be
18 abrogated and of no further force and effect.