

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 43

(Chair, Finance Committee)(By Request - Departmental -
Labor)

Finance

**Financial Institutions - Maryland Community Investment Venture Fund and
Regulation of Entities - Revisions**

This departmental bill (1) makes several changes to the Maryland Community Investment Venture Fund (MCIV Fund), including extending by two years the authority for the Office of Financial Regulation (OFR) to match contributions to the fund; (2) alters the conditions and process for awarding annual assessment fee offset credits to banks and credit unions; (3) updates outdated statutory language; and (4) makes other technical changes. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: Special fund expenditures increase by approximately \$14,000 in each of FY 2029 and FY 2030 due to extending the deadline by which OFR may make matching donations to the MCIV Fund. Special fund revenues decrease by an estimated \$25,000 in FY 2027 and by at least \$52,000 in FY 2031 due to reduced assessments on financial institutions from a new assessment offset.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
SF Revenue	(\$25,000)	(\$35,000)	(\$52,000)	(\$52,000)	(\$52,000)
SF Expenditure	\$0	\$0	\$14,000	\$14,000	\$0
Net Effect	(\$25,000)	(\$35,000)	(\$66,000)	(\$66,000)	(\$52,000)

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

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

Small Business Effect: The Maryland Department of Labor (MD Labor) has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment.

Analysis

Bill Summary/Current Law: Broadly speaking, the bill:

- alters definitions in the Financial Institutions Article of State law;
- alters when a credit union must pay an annual assessment to OFR;
- alters the definitions of “branch” and “*de novo* branch” related to eligibility for assessment offset credits;
- requires OFR to establish a deposit growth cap for assessment offset credits;
- establishes a new assessment offset credit;
- specifies which entities may claim to do the business of banking in the State;
- expands the purpose of the MCIV Fund to include consumers, as specified;
- alters the type of investment OFR may make into the MCIV Fund and authorizes OFR to use existing funds for the administration of the fund;
- extends by two years the authority for OFR to match certain contributions to the MCIV Fund;
- authorizes money from the MCIV Fund to be distributed as a grant, among other means;
- classifies the MCIV Fund as a special, nonlapsing fund not subject to reversion to the general fund; and
- repeals obsolete OFR fees.

A more detailed description of each of these changes, as well as relevant current law, is discussed below.

Definitions, Generally

For the purpose of granting the Governor emergency powers to close banking offices, *current law* specifies that an “emergency” includes one that results from fire, flood, riot, robbery, weather, or other cause. *The bill* adds a cybersecurity incident that necessitates the closure of a banking institution or a branch of a banking institution to the definition of “emergency”.

In *current law*, a “banking institution” is an institution incorporated under the laws of the State, as specified. *The bill* repeals a redundant reference to a State banking institution.

Assessments

Under current law, OFR is required to impose annual assessments on each State-chartered banking institution and credit union to cover the expenses of regulating them. The assessment amounts vary based on the deposit levels of the financial institution.

Banking institutions that accept deposits or retain funds in deposit accounts are subject to a graduated annual assessment of \$8,000 plus \$0.12 for each \$1,000 of the assets of the institution over \$50 million but up to \$250 million, \$0.10 for each \$1,000 of assets over \$250 million but up to \$500 million, \$0.09 for each \$1,000 of assets over \$500 million but up to \$1 billion, \$0.08 for each \$1,000 of assets over \$1 billion but up to \$10 billion, and \$0.07 for each \$1,000 of assets over \$10 billion.

Credit unions with assets of \$300,000 or greater are subject to an annual assessment of \$1,000, plus \$0.08 for each \$1,000 of the assets of the institution over \$1 million. Credit unions must pay an assessment to OFR on or before the March 1 after the assessment is imposed. *The bill* changes, from March 1 to *April 15*, the date by which a credit union must pay the assessment to OFR.

Assessment Offset Credits

Under current law, a well-capitalized banking institution or credit union with a composite CAMELS rating of 1 or 2 may file with OFR a request for an assessment offset credit of:

- 12 cents for each \$1,000 of deposits in a *de novo* branch located in a low- to moderate-income tract for the first five years after the branch opened; or
- 6 cents for each \$1,000 of deposits in a branch located in a low- to moderate-income tract (not to exceed the deposit growth cap).

A main office is excluded from the definition of “branch,” meaning that main offices cannot be included in applications for assessment offset credits. A “deposit growth cap” is defined as the year-over-year percentage change of domestic office deposits as reported on December 31 each year by the relevant federal supervisory entity.

The bill (1) alters the definition of “branch” such that main offices can be included; (2) clarifies that only *de novo* branches in the State qualify for an assessment offset; (3) repeals references to the designated sources OFR previously used to calculate the deposit growth cap because they are no longer published by the federal government; (4) requires OFR annually by December 31 to establish a deposit cap for the assessment offset credit; and (5) makes related technical changes. Similar changes apply to assessment offset credits for credit unions.

The bill (1) defines a “Maryland Opportunity Account” (MOA) as a transaction account offered by a banking institution/credit union to customers/members that meets standards annually determined by OFR that promote fair and equal access to financial services and (2) establishes a new assessment offset credit related to MOAs. Specifically, a well-capitalized banking institution or credit union with a composite CAMELS rating of 1, 2, or 3 may file with OFR a request for an assessment offset credit of:

- \$5,000 on receiving OFR’s initial approval that the banking institution or credit union offers at least one MOA; and
- \$3,000 for each year thereafter the banking institution or credit offers at least one active MOA, as determined by OFR.

Representation as a Bank or Savings and Loan Association

Under current law, except for a “bank”, trust company, savings bank, or savings and loan association that is authorized to do business in this State, a person may not use any name, title, or other words that represent that the person is authorized to do the business of banking in this State. A “bank” means any bank, trust company, or savings bank, or savings and loan association that is authorized to do business in the State, and any subsidiary or affiliate of the entity. Under the bill, a “bank” means any *banking institution, national banking association, other-state bank*, or savings and loan association that is authorized to do business in the State, and any subsidiary or affiliate of the entity.

Maryland Community Investment Venture Fund

Purpose: In current law, the purpose of the MCIV Fund is to develop opportunities for banking institutions and credit unions to better serve the needs of low- to moderate-income tracts by:

- investing in the development of financial product (or financial product underwriting) innovations that enhance access to capital, funding, and other financial services for businesses in low- to moderate-income tracts in the State;
- deploying, testing, and evaluating the innovations for providing capital and funding to businesses in low- to moderate-income tracts in the State; and
- promoting and making the innovations available to banking institutions and credit unions for use in enhancing access to capital, funding, and other financial services for businesses in low- to moderate-income tracts in the State.

Under the bill, the purpose of the fund is to develop opportunities for banking institutions and credit unions to better serve the needs of low- to moderate-income tracts by:

- *promoting* the development of financial product (or financial product underwriting) innovations that enhance access to capital, funding, and other financial services *for consumers* and businesses in low- to moderate-income tracts in the State *through investments, grants, and other forms of financial assistance*;
- deploying, testing, and evaluating the innovations for providing capital and funding to *consumers and* businesses in low- to moderate-income tracts in the State; and
- promoting and making the innovations available to banking institutions and credit unions for use in enhancing access to capital, funding, and other financial services for *consumers and* businesses in low- to moderate-income tracts in the State.

Administration: In current law, OFR may provide an *initial* equity capital investment in the MCIV Fund in an amount of up to \$2.5 million from the Banking Institution and Credit Union Regulation Fund. Further, OFR may use a total of \$250,000 to cover any administrative expenses associated with establishing the fund. Through June 30, 2028, OFR may match an investment made in the fund by a banking institution or credit union up to the amount of the assessment credit earned by the banking institution or credit union.

The bill (1) repeals the reference to the \$2.5 million capital investment as an *initial* investment, indicating that the investment can be spread over time; (2) allows the \$250,000 to be used also for *administering* the fund; and (3) extends the deadline for OFR to match an investment made in the fund until June 30, 2030.

Classification: *The bill* classifies the MCIV Fund as a special, nonlapsing fund administered by the State Treasurer that is not subject to reversion requirements under § 7-302 of the State Finance and Procurement Article. The State Treasurer must invest money of the fund in the same manner as other State money is invested. Any interest earnings of the fund must be credited to the fund. Expenditures from the fund may only be made in accordance with the State budget.

Office of Financial Regulation Fees

The bill repeals a \$25 valid charter certification fee, if requested by or on behalf of a banking institution, and a \$20 amendment filing fee that OFR collects from a commercial bank that amends its charter. OFR advises that these fees are seldom requested and never collected.

Background: The financial services industry in Maryland is regulated by OFR within MD Labor and the Securities Division of the Office of the Attorney General. Under the direction and authority of the Commissioner of Financial Regulation, OFR regulates State-chartered and State-licensed financial institutions operating in Maryland. These

SB 43/ Page 5

include depository institutions such as Maryland-chartered banks, trust companies, bank holding companies, and credit unions.

OFR advises that the provisions of the bill are necessary to: (1) incentivize State-chartered banks and credit unions to open branches, and maintain deposits, in low- to moderate-income tracts in the State; (2) improve the efficiency of the assessment offset credit process for State-chartered banks and credit unions that maintain branches in low- to moderate-income tracts in the State; and (3) enhance the operational success of the MCIV Fund.

State Revenues: OFR assumes that 5 institutions will carry MOAs in fiscal 2027, 9 will carry MOAs in fiscal 2028, and 14 will carry MOAs in the three remaining fiscal years of the estimate. Based on these estimates and an assumption that all eligible institutions apply for assessment offset credits, special fund revenues decrease by \$25,100 in fiscal 2027 and by increasing amounts thereafter before reaching at least \$52,100 in fiscal 2031. To the extent that the number of financial institutions that open MOAs and apply for the offset varies from these estimates, special fund revenues similarly vary.

This estimate assumes that the assessment credits granted to financial institutions are invested by the relevant financial institutions into the MCIV Fund and subsequently matched by OFR. DLS advises that, while OFR may encourage financial institutions to invest the assessment credits into the new fund, the bill does not require banks or credit unions to do so. Moreover, there is no direct financial incentive for banks or credit unions to reinvest their credits in the fund since all returns from the fund's investments accrue to OFR, not to the investor. Thus, to the extent that the assessment credits are retained by financial institutions (rather than invested into the new fund), special fund matching expenditures may be reduced, which in turn reduces available funds in the new venture fund.

OFR advises that the fees repealed by the bill are no longer collected, so their repeal has no meaningful effect on special fund revenues.

State Expenditures: Special fund expenditures increase by \$14,000 in fiscal 2029 and 2030, reflecting matching amounts paid by OFR into the MCIV Fund across two additional years; these amounts are assumed to correspond to the assessment credit revenue decrease discussed above. OFR advises that, in fiscal 2026, \$14,063 was donated by four depository institutions. OFR anticipates similar donations across fiscal year 2029 and 2030.

Additional Information

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

Designated Cross File: HB 259 (Chair, Economic Matters Committee)(By Request - Departmental - Labor) - Economic Matters.

Information Source(s): Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - January 28, 2026
jg/mcr

Analysis by: Kayvon Samadani

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

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Financial Institutions - Maryland Community Investment Venture Fund and Regulation of Entities - Revisions

BILL NUMBER: SB 43

PREPARED BY: Amy Hennen

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 X WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The goal of the Access to Banking Act is to utilize the tools in the Act - the annual assessment fee offset credit for Maryland State-chartered banks and credit unions and the establishment of the Maryland Community Investment Venture Fund - to expand access to financial services and resources in Maryland's low- to moderate-income communities through greater economic participation in these areas by banks, credit unions, and financial technology firms. The expansion of resources and products brought to bear in these areas should have a meaningful and positive impact on the small businesses and consumers that are located in these areas. This legislation strengthens the Access to Banking Act by providing necessary clarification to some of its provisions.