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Environment and Transportation
Committee

Chair

Land Use and Ethics Subcommittee

Joint Committee on Administrative,
Executive, and Legislative Review

Joint Committee on Ending
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Joint Committee on Pensions



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 472 Community Development Program Act
February 11th * Environment and Transportation Committee

What this bill does

This legislation designates a funding source for the Community Development Fund that the General Assembly established in 2018 to provide financial support for affordable housing, neighborhood revitalization, community organizing, community services, housing and financial counseling, small business development and main street district revitalization. This bill provides funding from the Unclaimed Property Fund, which is maintained by the Comptroller.

After three years of acquiring old bank accounts and lost personal property and attempting to find the rightful owner, the Comptroller sells the property at auction and claims the back accounts. Currently, out of that pot of funds, \$2 million goes to the Maryland Legal Services Corporation, varying amounts to the victim restitution fund, and the remainder goes to the General Fund. This bill will provide \$5 million from the Unclaimed Property Fund to support the Community Development Fund.

Why this bill matters

This bill is necessary for the Community Development Fund to actually fund community development work. Operating dollars for community development organizations are scarce - neither foundations nor most state grant programs consistently fund operating dollars to keep the doors open and staff working at these organizations. Neither BRNI nor NED nor many of the other DHCD-administered programs regularly provide operating support that is necessary to use the capital dollars they provide. The Community Development Fund is designed to provide a permanent, flexible funding source for operating dollars for community development organizations serving rural, urban, and suburban communities. Without a reliable funding source, community development organizations will not be able to fulfill their potential.

Why should you vote for this bill

This bill creates a reliable source of funding to operate the Community Development Fund that provides financial assistance to community development projects and organizations around the state. The fund already has a board and program that was established in the 2018 legislation. With investments through the Development Fund, neighborhoods have the potential for revitalization. Long term, this can be a revenue generating bill fueled by thriving communities.

Community Development Program Act Fund

HB 472 (Lierman); SB 387 (Eckardt)

Legislation in the 2018 General Assembly, HB109/SB821, created the Community Development Fund. It defined how the fund should be used, and how it is administered, but did not identify a funding source. This bill creates the funding source for the Community Development Fund.

The Community Development Fund

The Community Development Fund was established in 2018 as a permanent, flexible funding source for operating dollars for community development serving rural, urban and suburban communities around the state of Maryland. Money in the fund can be used for affordable housing, neighborhood revitalization, community organizing, community services, housing and financial counseling, small business development and main street district revitalization. Unfortunately, the fund is unfunded.

What this bill does

This bill provides an ongoing funding source for the Community Development Fund, allocating a small portion of the Unclaimed Property Fund every year. The Unclaimed Property Fund consists of the proceeds from sales by the Comptroller for unclaimed property. The Comptroller holds old bank accounts and lost personal property (not real property) for a period of three years while trying to find the rightful owner of the property. After that time, the Comptroller's office sells personal property at auction, and claims the old bank accounts. The revenue on average in the last four years from this practice earns the state close to \$95 million per year. Currently, \$2 million goes to the Maryland Legal Services Corporation, and varying amounts to the victim restitution fund. The remainder goes to the General Fund. The last few years, \$90 million has been budgeted in the General Fund. This bill specifies that \$5m will go to the Community Development Fund each year.

Logistics

The Fund will be administered by the Maryland Department of Housing and Community Development. An oversight board will determine the direction of the funds each year and advise the department generally on the distribution of the fund. Community development organizations, businesses and legislators serve on the board.

*Questions? Please contact Claudia Wilson Randall, CDN Associate Director,
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