



Larry Hogan | Governor  
Boyd Rutherford | Lt. Governor  
Kelly M. Schulz | Secretary of Commerce

**DATE:** February 24, 2021  
**COMMITTEE:** House Appropriations  
**BILL NO:** House Bill 1065  
**BILL TITLE:** Bond Authority- Maryland State Ceiling and Housing Bond Allocations  
**POSITION:** OPPOSE

The Maryland Department of Commerce (Commerce) opposes House Bill 1065 – Bond Authority – Maryland State Ceiling and Housing Bond Allocations.

**Bill Summary:**

This legislation requires changes in the calculation attributed to unused housing bond allocations to devote more allocation to housing authority bond issuers, and less to the Community Development Administration (CDA) and potentially less to other commercial purposes. It would eliminate prior consent (presently required) of Commerce for exchanges of housing allocations among county and housing authority issuers. The bill requires Commerce to create and maintain a publicly available digital record of the allocations throughout the year.

**Rationale:**

The Financial Institutions Article requires Commerce to perform certain record keeping functions of the state’s usage of federal formula determined private activity bond allocations to each county for both commercial and housing bond purposes. Federal regulations base the allocation on population data. A separate defined portion of the allocation for commercial purposes is devoted to a designated Secretary’s Reserve. Commerce calculates and reports annual allocations by letter in January each year. Unused county allocations accumulate to the Secretary’s Reserve at defined times of the year to support commercial purposes, with all unused allocations traditionally channeled to CDA at the end of a calendar year.

Without prior consultation and approval of allocation exchanges Commerce would not be in a position to maintain the required digital record. The bill creates the opportunity for CDA to have less control and fewer bond allocation resources to carry out its mission of affordable housing across all jurisdictions. Furthermore, the favorable positioning of allocation to Housing Authorities reduces the ability of Commerce via the Secretary’s Reserve to assist large commercial economics development projects.

**Commerce respectfully requests an unfavorable report on House Bill 1065.**