LARRY HOGAN
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Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 979 Tax Sales – Homeowner Protection Program – Automatic Enrollment and Funding

STATEMENT OF INFORMATION

DATE: March 1, 2022

COMMITTEE: House Ways & Means

SUMMARY OF BILL:. HB 979 automatically enrolls eligible homeowners in the Homeowner Protection Program between the time a property is advertised for tax sale and the property is offered for sale at the tax sale; and increases the mandated appropriation for the Program from $750,000 to $20 million in FY 2024

EXPLANATION: The Department of Budget and Management's focus is not on the underlying policy proposal being advanced by the legislation, but rather on the $20 million mandated appropriation provision that impacts the FY 2024 budget. The FY 2023 Budget allowance contains $750,000 for this Program and is otherwise forecast to be funded through FY 2025 in the amount of $750,000.

DBM has the responsibility of submitting a balanced budget to the General Assembly annually, which will require spending allocations for FY 2024 to be within the official revenues estimates approved by the Board of Revenue Estimates in December 2022.

Changes to the Maryland Constitution in 2020 provide the General Assembly with additional budgetary authority, beginning in the 2023 Session, to realign total spending by increasing and adding items to appropriations in the budget submitted by the Governor. The legislature's new budgetary power diminishes, if not negates, the need for mandated appropriation bills.

Fully funding the implementation of the Blueprint for Maryland's Future (Kirwan) will require fiscal discipline in the years ahead, if the State is to maintain the current projected structural budget surpluses. Mandated spending increases need to be reevaluated within the context of this education funding priority and the Governor's tax relief proposals.

Economic conditions remain precarious as a result of COVID-19. High rates of inflation and workforce shortages may be short lived or persist, thereby impacting the Maryland economy. While current budget forecasts project structural surpluses, the impact of the ongoing COVID-19 pandemic continues to present a significant budgetary vulnerability. The Department continues to urge the General Assembly to focus on maintaining the structural budget surplus.

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