



House Bill 55

Local Government - Condominium and Homeowners Associations - Repair and Rehabilitation Funds

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Environment and Transportation Committee

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From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS** HB 55 **WITH AMENDMENTS**. The bill would allow counties, at their option, to establish a fund to deal with infrastructure issues in defunct condominiums and homeowners' associations. Amendments could strengthen this authority by leveraging state funds to accelerate any needed remediation efforts.

One of the unique features of condominiums and homeowners' associations is that they are charged with similar infrastructure responsibilities as county governments. In theory, these bodies maintain those infrastructure responsibilities instead of a county. However, there are numerous examples of condominiums and homeowners' associations becoming unable to fulfill their obligations. In several instances, counties have been forced to act as the natural backstop, stepping in to perform emergency maintenance at the cost of all taxpayers, rather than the residents in the impacted area.

HB 55 would provide taxpayers with an insurance policy against irresponsible condominiums and homeowners' associations. This bill would enable county governments to establish special trust funds for handling infrastructure maintenance concerns in affected areas. Counties would effectively be able to set aside property tax revenue from these communities in a "rainy day" fund that can be used if these organizations can no longer meet their obligations. Additionally, counties would also encourage the State to contribute to these "rainy day" funds; this effort would minimize any unanticipated strain on resources aimed at serving our mutual constituents. Amendments to HB 55 could define a state component of these efforts, through the state share of property taxes or other relevant funding resources.

HB 55 gives counties another tool in the toolbox. If a condominium or homeowners' association cannot meet their obligations, it shouldn't fall on the other taxpayers to bail them out. Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report for HB 55.