



Senate Bill 446

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

MACo Position: **SUPPORT**
WITH AMENDMENTS

To: Environment and Transportation Committee

Date: March 19, 2024

From: Dominic J. Butchko

The Maryland Association of Counties (MACo) **SUPPORTS SB 446 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 would further encourage counties to implement such a fund.

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.

SB 446 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.

Counties request that the committee strikes on page 3 line 18 through page 4 line 6. By mandating a certain percentage of local revenue be dedicated to this fund, the State would be removing local flexibility and disincentivizing the use of this tool.

SB 446 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. MACo's amendments ensure counties are not disincentivized from creating a fund authorized by the legislation. Accordingly, MACo urges the Committee to issue a **FAVORABLE WITH AMENDMENTS** report for SB 446.