



House Bill 1364

Office of Social Equity - Community Reinvestment and Repair Fund - Advisory Board and Modifications

MACo Position: **OPPOSE**

To: Economic Matters Committee

Date: February 25, 2025

From: Karrington Anderson

The Maryland Association of Counties (MACo) **OPPOSES** HB 1364. This bill would shift the administration of the Community Reinvestment and Repair Fund from the Comptroller to the Office of Social Equity and impose additional rigid oversight and procedural requirements on counties regarding the distribution and use of these funds, potentially upending local best practices.

Counties are already taking meaningful steps to ensure that Community Reinvestment and Repair Fund dollars are allocated equitably and effectively. Several counties have established commissions to recommend fund allocations to local leadership and contract with nonprofit organizations to assist in administration and grant management. These arrangements allow for efficiency and expertise while maintaining local decision-making authority. HB 1364 introduces unnecessary complexity and burdensome requirements that could disrupt existing county-led efforts. Counties should retain the flexibility to tailor fund administration to local needs without excessive state-mandated procedures.

Many counties rely on nonprofit organizations to support commissions and administer grant programs. The bill's language is unclear as to whether these partnerships could continue. If counties are prohibited from contracting with nonprofits for staffing and administration, they may face significant new costs by needing to hire additional county personnel. HB 1364 caps administrative expenses at 5%. This threshold may be too low to accommodate both county administration and recipient administrative costs. Without adequate administrative funding, effective program oversight and implementation could be compromised.

No county is motivated to create and support an inefficient system – they share the goal to create maximum community impact. The Community Reinvestment and Repair Fund is still in its early stages, and counties are working through initial implementation challenges. Instead of introducing a major structural change, the focus should be on identifying and addressing existing issues through clear guidance and best practices.

Before overhauling the system, counties ask the Committee to consider allowing time for growing pains to be addressed and for counties to refine their processes for public input and partnerships. Sweeping changes now could create more confusion and inefficiencies rather than improving outcomes.

For these reasons, MACo respectfully requests an **UNFAVORABLE** report on HB 1364.