

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 756

(Senator Guzzone, *et al.*)

Budget and Taxation

Appropriations

Access to Counsel in Evictions - Funding

This bill extends, through fiscal 2027, a requirement for (1) the Office of the Comptroller to distribute \$14.0 million annually from the State’s Unclaimed Property Fund to the Access to Counsel in Evictions (ACE) Special Fund and (2) the Governor to include in the annual budget bill for each associated fiscal year an appropriation of \$14.0 million *from* the ACE Special Fund to the Maryland Legal Services Corporation (MLSC). **The bill takes effect July 1, 2023.**

Fiscal Summary

State Effect: General fund revenues decrease by \$14.0 million annually in FY 2025 through 2027, reflecting the distribution of proceeds from unclaimed property to the ACE Special Fund. Special fund revenues to the ACE Special Fund increase correspondingly. Special fund expenditures increase by \$14.0 million in FY 2025 through 2027, reflecting the bill’s mandated appropriation each year. **This bill continues a mandated distribution and related mandated appropriation in FY 2025 through 2027.**

(\$ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GF Revenue	\$0	(\$14.0)	(\$14.0)	(\$14.0)	\$0
SF Revenue	\$0	\$14.0	\$14.0	\$14.0	\$0
SF Expenditure	\$0	\$14.0	\$14.0	\$14.0	\$0
Net Effect	\$0.0	(\$14.0)	(\$14.0)	(\$14.0)	\$0.0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not directly affect local government finances or operations.

Small Business Effect: None

Analysis

Current Law: Chapter 746 of 2021 established the ACE Special Fund, a special, nonlapsing fund that is administered by MLSC. The fund is authorized to be used for specified purposes related to the Access to Counsel in Evictions Program (also administered by MLSC), which was created to organize and direct services and resources in order to provide individuals meeting certain criteria with access to legal representation in specified judicial or administrative proceedings to evict or terminate a tenancy or housing subsidy. Chapter 746 further required that access to legal representation be phased in over time as MLSC determines appropriate, with the goal of full implementation before October 1, 2025. Chapter 746 did not include a funding mechanism for this legal representation, and access to legal representation under its provisions is subject to the availability of funding.

Chapters 20 and 21 of 2022 altered the funding sources of the ACE Special Fund to include funds received by the Consumer Protection Division in the Office of the Attorney General (OAG) from any final settlement, agreement, or judgment related to an investigation or enforcement action of the Maryland Consumer Protection Act for an unfair, abusive, or deceptive trade practice regarding residential rental property. The Acts exclude from the fund any restitution and costs incurred by OAG to bring the action.

Additional funding was also provided under Chapter 40, which required, for fiscal 2024 *only*, the Comptroller to distribute \$14.0 million from the State's Unclaimed Property Fund to the ACE Special Fund. It also required the Governor include in the annual budget bill for fiscal 2024 an appropriation of \$14.0 million from the ACE Special Fund to MLSC.

State Fiscal Effect: The bill extends an annual distribution of \$14.0 million from unclaimed property funds to the ACE Special Fund through fiscal 2027. Accordingly, special fund revenues for the ACE Special Fund increase by \$14.0 million annually in fiscal 2025 through 2027, reflecting that revenue distribution. Because net proceeds from unclaimed property are distributed to the general fund (after administrative costs and certain required distributions are made), general fund revenues correspondingly decrease. The bill also requires the Governor to include in the annual budget bill (through fiscal 2027) an appropriation of \$14.0 million from the ACE Special Fund to MLSC. Accordingly, ACE Special Fund expenditures correspondingly increase by \$14.0 million in fiscal 2025 through 2027. Identical funding mechanisms were established for fiscal 2024 *only* by Chapter 40.

The Office of the Comptroller advises that in fiscal 2022, \$146.8 million was transferred from the Unclaimed Property Fund to the general fund after refunds to proper owners and

other associated administrative/operating costs. In addition, the Comptroller advises that the balance of the Unclaimed Property Fund in fiscal 2022 was \$2.19 billion.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1050 (Delegate Taylor, *et al.*) - Appropriations.

Information Source(s): Office of the Attorney General; Comptroller's Office; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Department of Legislative Services

Fiscal Note History: First Reader - February 28, 2023
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