

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 815 (Delegate Spiegel, *et al.*)
 Appropriations and Ways and Means

Economic Development - Maryland Financial Empowerment Center Network
 Pilot Program - Establishment

This bill creates the Maryland Financial Empowerment Center Network Pilot Program to establish a statewide network of financial empowerment centers in different regions of Maryland. The Department of Commerce must implement and administer the program, including the adoption of regulations. While the total number of centers is unspecified, each center must provide specified one-on-one financial counseling and coaching services free of charge, including tax preparation assistance and information (in multiple languages) on how to increase savings, pay down debt, access banking, and improve credit scores. Each financial counselor employed by a center must complete training that meets or exceeds specified criteria. For fiscal 2026 and 2027, the Governor must include in the annual budget bill an appropriation to Commerce in an amount sufficient to cover the costs of the program. **The bill takes effect October 1, 2024, and terminates September 30, 2027.**

Fiscal Summary

State Effect: General fund expenditures for Commerce increase, likely by between \$400,000 and \$500,000 annually, in both FY 2026 and 2027. General fund expenditures may also increase in FY 2025 and 2028, but by lesser amounts, as shown and discussed below. For purposes of this estimate, the midpoint is shown below. All funding is discretionary. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	400,000	450,000	450,000	112,500	0
Net Effect	(\$400,000)	(\$450,000)	(\$450,000)	(\$112,500)	\$0

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

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

Small Business Effect: Minimal.

Analysis

Bill Summary: Each center must make the information described above available in English, Spanish, and any other language required by Commerce. Each financial counselor must complete training that meets or exceeds the Financial Empowerment Center Counselor Training Standards developed by the Cities for Financial Empowerment Fund.

Current Law: Commerce does not administer a similar program. Commerce programs generally provide grants, loans, tax credits, and/or other services to various types of *businesses*, depending on the program.

State Expenditures: The bill does not establish a mandated appropriation, nor does it specify the number of individual centers, just that they must be in different regions of the State. Based on establishing five centers, Commerce advises that general fund expenditures increase by approximately \$400,000 to \$500,000 on an annualized basis for five contractual staff and associated costs. However, total costs for the pilot program cannot be determined without experience under the bill and a decision by Commerce on the number of centers, the timing for their establishment, and the duration of the pilot program. More specifically, the pilot program could be established concurrent with the effective date of the bill and maintained until the bill's termination date – so that it is in place for as many as three full years; however, under the bill it must be in place for *at least* two years – in fiscal 2026 and 2027.

Accordingly, general fund expenditures for Commerce increase, likely by approximately \$400,000 to \$500,000 annually in both fiscal 2026 and 2027. Assuming the program is established earlier and/or maintained longer, additional general fund expenditures are incurred for the equivalent of as much as one more year of funding – three quarters of which would be in fiscal 2025 (plus one-time costs) and one-quarter in fiscal 2028. This analysis assumes discretionary funding is provided in every year and generally reflects the mid-point of the range of costs preliminarily estimated by Commerce.

Additional Information

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

Designated Cross File: None.

Information Source(s): Department of Commerce; Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2024
km/ljm

Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510