



Opposition

Government, Labor, and Elections Committee

House Bill 1271 (Ruff)

Reparations - Board, Fund, and Excise Tax on Endowments - Establishment

Matt Power, President

mpower@micua.org

March 11, 2026

On behalf of Maryland's independent colleges and universities and the more than 56,000 students we serve, thank you for the opportunity to provide written testimony regarding [*House Bill 1271 \(Ruff\) Reparations - Board, Fund, and Excise Tax on Endowments - Establishment*](#), which establishes and endowment tax on non-public institutions of higher education with an endowment greater than two billion dollars.

MICUA and its member institutions support the Maryland Reparations Commission and the important goals behind it. We recognize the moral seriousness of examining the enduring legacy of slavery, segregation, and other discriminatory public policies, and we agree that Maryland should confront those historic wrongs thoughtfully and honestly. Our opposition is not to the Commission's mission. It is to the bill's financing mechanism, which we believe is inequitable and deleterious to Maryland's higher education ecosystem.

As drafted, HB 1271 would establish a Reparations Board and Fund and finance that would work through a 4% excise tax on a nonpublic institution with an endowment of at least \$2 billion. Although its intent, this approach would mark a significant departure from Maryland's long-standing treatment of independent nonprofit colleges and universities as partners in the State's broader higher education mission. The State of Maryland has long recognized that independent institutions serve a public purpose by expanding access, supporting student success, and helping meet workforce needs. Endowments are not idle balances; they are mission-driven resources used to support scholarships, academic programs, student services, and—in some cases—research and community-serving work.

The institution immediately affected has already explained in separate testimony that its endowment supports substantial financial aid, teaching, research, and Maryland jobs, and that this bill would impose an extraordinary annual burden. MICUA's broader concern is that the same policy logic may apply to more than one campus. Once the State begins using taxes on nonprofit endowments as a dedicated revenue source for a public purpose unrelated to an institution's core educational mission, it becomes harder to identify a principled limiting point. That precedent is a real concern for all MICUA's institutions, even if only one institution is directly captured by the bill as currently drafted.

We are also concerned by the bill's allocation of responsibility. The legacy the Commission is examining is broad, systemic, and shared across generations by public and private actors alike. For that reason, a funding model that effectively makes one private nonprofit institution shoulder the cost of a

statewide reparative effort is difficult to defend as a balanced public-policy choice. The historical burdens under study by the commission were not created by any one institution alone, and the financing of the State's response should reflect that broader reality.

HB 1271 also seems premature to the work of the commission. Maryland only recently established the Reparations Commission and directed it to study appropriate benefits and submit a preliminary report by January 1, 2027, and a final report by November 1, 2027. HB 1271 gets ahead of that work by pre-selecting both the funding mechanism and the dedicated revenue source before the Commission has completed its analysis and recommendations. On a question of this consequence, Maryland should allow the Commission to finish its work, including an evaluation of funding mechanisms through a deliberate, transparent process.

This proposal also comes at a particularly difficult moment for higher education. Federal policy changes have already increased financial pressure on colleges and universities through major disruptions in research funding, visa uncertainty for students and scholars, and expanded federal taxation of certain private-college endowment income effective for taxable years beginning after December 31, 2025. At the same time, Maryland's State Plan for Higher Education continues to emphasize equitable access to affordable, high-quality postsecondary education, student success, and innovation. Additional state taxation of nonprofit endowments would move in the opposite direction by making access and affordability harder to sustain—especially for students with the greatest financial need. At MICUA institutions, more than 25% of students are Pell Grant recipients, and low-income, minority, and first-generation students make up over 40% of students at our schools. Those are the Marylanders most likely to feel the consequences when institutional aid capacity is weakened.

That broader perspective matters. MICUA institutions enroll more than 56,000 students each year, and play a substantial role in Maryland's degree production, workforce preparation, and economy. Maryland's partnership with independent nonprofit higher education works because these institutions deploy private philanthropic resources in service of public goals. Treating nonprofit endowments as a special state revenue target risks undermining that partnership and sends the wrong signal to donors, students, and institutions alike.

MICUA supports the goals of the Maryland Reparations Commission and acknowledges the importance of its work. But HB 1271 is not the right vehicle. Because it places sole financial responsibility for a statewide effort on one institution, establishes a troubling precedent of taxing nonprofit endowments, and threatens the access and affordability goals Maryland has set for higher education. For these reasons MICUA respectfully urges an **UNFAVORABLE** report on HB 1271.