

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 1006 (St. Mary's County Delegation)
Environmental Matters

Local Government - Annual Financial Reports

This bill alters the due date for all counties, municipal corporations, and taxing districts in the State to submit their annual financial report to the Department of Legislative Services (DLS) from no later than November 1 to no later than January 1 following the end of the fiscal year.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Altering the due date for the annual financial report would not affect State finances.

Local Effect: Altering the due date for the annual financial report would not affect local finances.

Small Business Effect: Minimal. Small businesses that are accounting firms that produce annual financial reports for county and municipal governments may be negatively impacted by the January 1 due date.

Analysis

Current Law: Counties, incorporated cities or towns, and taxing districts must file a financial report covering the full period of the previous fiscal year by November 1 to DLS. However, counties, incorporated cities or towns, and taxing districts with a population greater than 400,000 may take until January 1 to file their financial report.

A political subdivision of the State that is authorized to incur debt to be redeemed from a fee, charge, or the proceeds of a levy must submit a comprehensive report on the financial condition of the subdivision as of the end of that fiscal year to DLS within 120 days. However, a political subdivision with a population greater than 400,000 may take 180 days to submit the comprehensive report. The bill does not affect due dates for the indebtedness report.

Background: The fiscal year for counties, municipalities, and taxing districts is July 1 through June 30.

The annual financial report due to DLS is commonly known as the *Uniform Financial Report*. It has been common practice for DLS to grant a 60-day extension of the annual financial report and the indebtedness report upon receipt of a reasonable request.

Chapter 246 of 2002 authorized counties, incorporated cities or towns, and taxing districts with a population greater than 400,000 to submit the *Uniform Financial Report* and the indebtedness report by January 1 of the following year.

Additional Comments: DLS advises that altering the due date of the annual financial report to January 1 would delay the completion of the DLS *Local Government Finances in Maryland* report and legislative audits of local government finances required by Article 19. DLS further advises that members of the General Assembly use the *Local Government Finances in Maryland* report to evaluate local government financial issues during each 90-day legislative session, which starts the second Wednesday of each January.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Carroll County, Harford County, Montgomery County, Prince George's County, St. Mary's County, Department of Legislative Services

Fiscal Note History: First Reader - March 10, 2004
lc/ljm

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