

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 379
Budget and Taxation

(Senator Hafer)

Local Government - Annual Financial Report - Deadline

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.

Fiscal Summary

State Effect: None.

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

Small Business Effect: Minimal.

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. Counties, incorporated cities or towns, and taxing districts with a population greater than 400,000, however, 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, however, does not affect the filing deadlines for the indebtedness report.

In addition to the annual financial report and indebtedness report, each county, municipal corporation, and taxing district is required to file an annual audit report with the Legislative Auditor by November 1 after the close of the fiscal year. However, a political subdivision with a population greater than 400,000 may take until January 1 to submit the annual audit report. Additionally, the Legislative Auditor may, on a case-by-case basis, authorize an incorporated city or town or taxing district created by the State with annual revenues of less than \$50,000 in the prior four fiscal years to have an audit conducted once every four years.

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. Anne Arundel, Baltimore, Montgomery, and Prince George's counties, as well as Baltimore City, are the only political subdivisions whose population is greater than 400,000.

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: HB 1006 of 2004, a bill with similar provisions, was assigned to the Environmental Matters Committee, but was later withdrawn.

Cross File: None.

Information Source(s): Town of Indian Head, Montgomery County, Prince George's County, Garrett County, Town of Rising Sun, City of Frederick, Anne Arundel County, Department of Legislative Services

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ncs/hlb

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