A BILL ENTITLED

AN ACT concerning

Study on REFUND – Re–Engineer Finances Under New Direction

FOR the purpose of requiring the Department of Public Safety and Correctional Services, the Department of State Police, and the Military Department to conduct a study on the use of certain budgeting practices by State agencies; and generally relating to the study of budgeting practices of State agencies.

Preamble

WHEREAS, Because of the rules regarding State agency budgets, and because unspent funds must revert to the General Fund by the end of each fiscal year, State agencies have no incentive to reduce spending, save budgeted funds, or return excess funding to employees or taxpayers; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That:

(a) (1) The Department of Public Safety and Correctional Services, the Department of State Police, and the Military Department shall conduct a study on budgeting practices of State agencies.

(2) The study required under paragraph (1) of this subsection shall include:

(i) a summary of the current rules regarding State agency spending of appropriations and the reversion of unspent funds;

(ii) a summary of total spending and reversions at:

1. the 10 largest State agencies for the last 2 fiscal years; and
2. the Department of Public Safety and Correctional Services, the Department of State Police, and the Military Department; and

   (iii) an analysis of the feasibility of allowing the Department of Public Safety and Correctional Services, the Department of State Police, and the Military Department to spend 90% or less of each agency’s respective annual appropriation in order to:

   1. return 5% of unspent funds to employees as bonuses; and

   2. return 5% or the remainder of unspent funds to State taxpayers.

(b) To gather additional data about this potential budgeting process, the Department of Public Safety and Correctional Services, the Department of State Police, and the Military Department shall collect data on the items listed in subsection (a)(2)(ii) of this section for a hypothetical 3 fiscal years while allowing for the following rules:

   (1) a State agency that has successfully reduced spending by at least 10% in the first fiscal year must receive an appropriation at least equal to the appropriation received in the prior fiscal year; and

   (2) each agency may increase or decrease the percentage of the unspent funds that it returns to employees or taxpayers under the 10% threshold.

(c) On or before December 31, 2023, the Department of Public Safety and Correctional Services, the Department of State Police, and the Military Department shall report to the Governor and, subject to § 2–1257 of the State Government Article, the General Assembly on:

   (1) the items in subsections (a) and (b) of this section;

   (2) the implications of State agencies pursuing reduced spending and increased compensation to employees and taxpayers; and

   (3) a comparison of the items in subsection (a)(2)(ii) and (iii) of this section.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2022. It shall remain effective for a period of 2 years and, at the end of June 30, 2024, this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.