

HOUSE BILL 1223

P1, B1

2lr1326

By: **Delegate Novotny**

Introduced and read first time: February 11, 2022

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Study on REFUND – Re–Engineer Finances Under New Direction**

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

7 Preamble

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

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

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

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

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

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

21 1. the 10 largest State agencies for the last 2 fiscal years; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 2. the Department of Public Safety and Correctional
2 Services, the Department of State Police, and the Military Department; and

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

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

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

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

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

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

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

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

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

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

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
28 1, 2022. It shall remain effective for a period of 2 years and, at the end of June 30, 2024,
29 this Act, with no further action required by the General Assembly, shall be abrogated and
30 of no further force and effect.