

# SENATE BILL 747

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CF HB 165

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By: **Senators Guzzone and Benson**

Introduced and read first time: February 1, 2024

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Local Government – Annual Audit Reporting Requirements – Alterations**

3 FOR the purpose of requiring a certain amount of State aid to be discontinued if a county,  
4 municipality, or special taxing district does not submit a certain audit report within  
5 a certain period of time after the deadline for the report, subject to a certain  
6 condition; and generally relating to local government reporting requirements.

7 BY repealing and reenacting, without amendments,

8 Article – Local Government

9 Section 16–304

10 Annotated Code of Maryland

11 (2013 Volume and 2023 Supplement)

12 BY repealing and reenacting, with amendments,

13 Article – Local Government

14 Section 16–306

15 Annotated Code of Maryland

16 (2013 Volume and 2023 Supplement)

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

18 That the Laws of Maryland read as follows:

19 **Article – Local Government**

20 16–304.

21 (a) (1) Except as provided in paragraph (2) of this subsection, on or before  
22 October 31 after the close of its fiscal year, each county, municipality, and special taxing  
23 district shall file with the Department of Legislative Services a financial report for that  
24 fiscal year.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2) (i) A county, municipality, or special taxing district with a  
2 population of over 400,000 may file its financial report on or before December 31 after the  
3 close of its fiscal year.

4           (ii) Unless subparagraph (i) of this paragraph applies, Howard  
5 County may file its financial report on or before November 30 after the close of its fiscal  
6 year.

7           (iii) Allegany County, Calvert County, Caroline County, Charles  
8 County, Frederick County, Garrett County, Queen Anne's County, St. Mary's County,  
9 Somerset County, Talbot County, and Wicomico County may file the county's financial  
10 report on or before December 31 after the close of the county's fiscal year.

11       (b) The financial report required under subsection (a) of this section shall be:

12           (1) prepared on the form established by the Department of Legislative  
13 Services; and

14           (2) verified by the chief executive officer of the county, municipality, or  
15 special taxing district.

16       (c) If a county, municipality, or special taxing district does not comply with  
17 subsection (a) of this section, the Comptroller, on notice from the Executive Director of the  
18 Department of Legislative Services, may order the discontinuance of all money, grants, or  
19 State aid that the county, municipality, or special taxing district is entitled to receive under  
20 State law, including money from:

21           (1) the income tax;

22           (2) the tax on racing;

23           (3) the recordation tax;

24           (4) the admissions and amusement tax; and

25           (5) the license tax.

26 16–306.

27       (a) The county, municipality, or special taxing district shall report the results of  
28 the audit required under § 16–305 of this subtitle to the Legislative Auditor:

29           (1) on the form and in the manner that the Legislative Auditor requires;  
30 and

31           (2) on or before the date the financial report of the county, municipality, or  
32 special taxing district must be filed under § 16–304(a) of this subtitle.

1 (b) An audit report filed by a county, municipality, or special taxing district with  
2 the Legislative Auditor shall include financial statements of the county, municipality, or  
3 special taxing district that are:

4 (1) prepared in accordance with generally accepted accounting principles;  
5 and

6 (2) audited in accordance with generally accepted auditing standards.

7 (c) An audit report filed with the Legislative Auditor is a public record.

8 (d) **[If] EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, IF** a  
9 county, municipality, or special taxing district does not comply with subsection (a) or (b) of  
10 this section, the Comptroller, on notice from the Executive Director of the Department of  
11 Legislative Services, may order the discontinuance of all money, grants, or State aid that  
12 the county, municipality, or special taxing district is entitled to receive under State law  
13 that are distributed by the Comptroller, the clerks of the court, or any other unit of State  
14 government.

15 **(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF A COUNTY,**  
16 **MUNICIPALITY, OR SPECIAL TAXING DISTRICT DOES NOT COMPLY WITH SUBSECTION**  
17 **(A) OR (B) OF THIS SECTION WITHIN 1 CALENDAR YEAR AFTER THE DEADLINE**  
18 **DESCRIBED IN SUBSECTION (A)(2) OF THIS SECTION, THE EXECUTIVE DIRECTOR OF**  
19 **THE DEPARTMENT OF LEGISLATIVE SERVICES SHALL NOTIFY THE COMPTROLLER**  
20 **AND THE COMPTROLLER SHALL ORDER THE DISCONTINUANCE OF 20% OF ALL**  
21 **STATE AID FOR POLICE AID, HIGHWAY USER REVENUES, AND DISPARITY GRANTS**  
22 **THAT THE COUNTY, MUNICIPALITY, OR SPECIAL TAXING DISTRICT IS ENTITLED TO**  
23 **RECEIVE UNDER STATE LAW THAT IS DISTRIBUTED BY THE COMPTROLLER, THE**  
24 **CLERKS OF THE COURT, OR ANY OTHER UNIT OF STATE GOVERNMENT.**

25 **(2) (I) A DISCONTINUANCE OF FUNDS UNDER PARAGRAPH (1) OF**  
26 **THIS SUBSECTION SHALL REMAIN IN EFFECT FOR A COUNTY, MUNICIPALITY, OR**  
27 **SPECIAL TAXING DISTRICT UNTIL THE COUNTY, MUNICIPALITY, OR SPECIAL TAXING**  
28 **DISTRICT SUBMITS THE AUDIT REPORT REQUIRED UNDER THIS SECTION.**

29 **(II) 1. SUBJECT TO SUBSUBPARAGRAPH 2 OF THIS**  
30 **SUBPARAGRAPH, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF**  
31 **LEGISLATIVE SERVICES SHALL NOTIFY THE COMPTROLLER AND THE**  
32 **COMPTROLLER SHALL ORDER THE CONTINUANCE OF THE FUNDS DISCONTINUED**  
33 **UNDER PARAGRAPH (1) OF THIS SUBSECTION PROMPTLY AFTER THE COUNTY,**  
34 **MUNICIPALITY, OR SPECIAL TAXING DISTRICT SUBMITS THE AUDIT REPORT**  
35 **REQUIRED UNDER THIS SECTION.**

1                                   **2. A. IF A CONTINUANCE OF FUNDS IS ORDERED**  
2 **UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH, ONLY THE DISCONTINUED**  
3 **FUNDS FOR THE CURRENT FISCAL YEAR SHALL BE RELEASED.**

4                                   **B. FOR ANY FISCAL YEAR IN WHICH A COUNTY,**  
5 **MUNICIPALITY, OR SPECIAL TAXING DISTRICT FAILED TO SUBMIT THE AUDIT**  
6 **REPORT REQUIRED UNDER THIS SECTION, THE DISCONTINUED FUNDS FOR THAT**  
7 **FISCAL YEAR SHALL REVERT TO THE GENERAL FUND OF THE STATE.**

8                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
9 1, 2024.