

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1546
Appropriations

(Delegate Moon, *et al.*)

Board of Public Works - Central Collection Unit - Delinquent Federal Funds

This emergency bill enables the State to reserve jurisdiction with respect to land leased or otherwise held in the State by the United States, or unit thereof, when the federal government is found not in compliance with court decisions upholding congressionally approved spending. The Board of Public Works (BPW) may determine the federal government to be delinquent in federal funds owed to the State in the event of federal noncompliance with court decisions upholding congressionally approved spending. In the event of federal noncompliance with court decisions upholding congressionally approved spending, and in consultation with the Attorney General, the Central Collection Unit (CCU) (1) may place liens on federal property in the State and (2) is responsible for the collection of delinquent federal funds. Provisions of the bill are severable.

Fiscal Summary

State Effect: General fund and special fund expenditures may increase beginning in FY 2025 for the Office of the Attorney General (OAG) and the Department of Budget and Management (DBM), respectively, to implement the bill. The bill may have an indeterminate effect on federal fund revenues and expenditures beginning in FY 2025.

Local Effect: The bill may increase cases heard in circuit courts, but the circuit courts can likely handle an increase in filings with existing resources. Otherwise, the bill likely does not directly affect local governments.

Small Business Effect: Minimal.

Analysis

Current Law:

Jurisdiction

With respect to land that the United States or any unit of the United States leases or otherwise holds in the State, the State reserves jurisdiction and authority over the land, and persons, property, and transactions on the land, to the fullest extent that is allowed by the U.S. Constitution and not inconsistent with the governmental purpose for which the land is held. This does not affect the jurisdiction and authority of the State over land, or persons, property, and transactions on the land, that the United States or a unit of the United States acquired on or before May 31, 1943, to the extent that the State ceded jurisdiction, as specified. However, for the purpose of enforcing State civil or criminal laws, the Governor may enter into an agreement with the United States to establish full or partial concurrent jurisdiction of the State and the United States over any land in the State held by the United States.

The State has ceded exclusive jurisdiction to the United States over land situated in Anne Arundel County that is part of the Fort George G. Meade Military Reservation. However, the State retains the right to (1) serve all civil and criminal process of the courts of the State and (2) enforce and ensure compliance with all applicable environmental and Public Service Commission laws and regulations.

Central Collection Unit

CCU within DBM is responsible for collecting any delinquent accounts or debts owed to the State. CCU is authorized to use any actions available to it under State law to collect debts or claims. CCU is authorized to charge an administrative fee of up to 20% of the outstanding principal and interest on the debt referred to it for collection; the current fee is 17%. Debt payments are credited to the agency that refers the debt. The administrative fees are credited to the Central Collection Fund, which is the special fund used to pay for CCU's operating expenses.

CCU uses a variety of methods and resources to facilitate the collection of delinquent accounts, including automated and manual efforts, as well as a private collection agency. Under certain conditions, CCU also allows a person to pay their debt over an extended period of time by entering into a [Payment Plan Agreement](#).

Maryland Defense Act

Under Chapter 26 of 2017 (the Maryland Defense Act), the Attorney General may investigate, commence, and prosecute or defend any civil or criminal suit or action that is based on the federal government's action or inaction that threatens the public interest and welfare of the residents of the State with respect to (1) protecting the health of the residents of the State and ensuring the availability of affordable health care; (2) safeguarding public safety and security; (3) protecting civil liberties; (4) preserving and enhancing the economic security of workers and retirees; (5) protecting financial security of the residents of the State, as specified; (6) protecting the residents of the State against fraud and other deceptive and predatory practices; (7) protecting the natural resources and environment of the State; (8) protecting the residents of the State against illegal and unconstitutional federal immigration and travel restrictions; or (9) otherwise protecting as *parens patriae*, the State's interest in the general health and well-being of its residents.

Before commencing a suit or action, the Attorney General must provide the Governor with written notice and an opportunity for review and comment, unless the Attorney General determines that emergency circumstances require immediate action. If the Governor objects to the intended suit or action, then the Governor must provide in writing to the Attorney General the reasons for the objection within 10 days after receiving the notice. Unless there are emergency circumstances that require the immediate commencement of the suit or action, the Attorney General must consider the Governor's objection before proceeding. If the Attorney General determines that emergency circumstances require the immediate commencement of a suit or action to protect the public interest and welfare of the residents of the State, as specified, the Attorney General must provide the Governor notice of the suit or action as soon as reasonably practicable. The Governor must include an appropriation of at least \$1.0 million in the annual budget for the authorized activities and to employ five attorneys.

Under Chapter 26, the General Assembly finds (1) the federal government's action or failure to take action may pose a threat to the health and welfare of the residents of the State and (2) the State should investigate and obtain relief from any arbitrary, unlawful, or unconstitutional federal action or inaction and prevent such action or inaction from harming the residents of the State.

State Fiscal Effect: To the extent that the federal government complies with court decisions upholding congressionally approved spending, the bill likely has no fiscal effect. Otherwise, OAG advises that it needs additional resources to implement the bill. Thus, general fund expenditures for OAG may increase beginning in fiscal 2025 to hire additional assistant Attorneys General, though it is unknown how many additional assistant Attorneys General are needed without actual experience under the bill.

Likewise, DBM notes that the bill may have an operational impact on CCU, but that DBM has no basis on which to provide an estimate of the potential impact. DBM advises that it needs more information on how the subject properties are titled, held, or determined to be in default to anticipate the workload and possible staffing increases needed to place the liens. Thus, CCU special fund expenditures for DBM may increase beginning in fiscal 2025, but the impact is unknown without actual experience under the bill. This analysis assumes that CCU special fund revenues are not materially affected.

The bill may have an indeterminate effect on federal fund revenues and expenditures beginning in fiscal 2025 as it is unknown how the federal government will respond to liens placed on federal property in the State.

BPW can implement the bill with existing resources.

Additional Comments: The Department of Legislative Services advises that additional guidance from the Attorney General on whether the bill is constitutional may be warranted.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Office of the Attorney General; Comptroller's Office; Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); Department of Budget and Management; Board of Public Works; State Department of Assessments and Taxation; Department of Legislative Services

Fiscal Note History: First Reader - April 7, 2025
caw/mcr

Analysis by: Heather N. MacDonagh

Direct Inquiries to:
(410) 946-5510
(301) 970-5510