

Chapter 366

(House Bill 1422)

AN ACT concerning

State Procurement and Personnel – Liquidated Damages Documentation Requirements and State Fiscal Leadership Capacity

FOR the purpose of requiring units of State government to provide certain documentation to the Board of Public Works and the Joint Audit and Evaluation Committee if the unit decides not to pursue certain liquidated damages; authorizing the Secretary of Budget and Management to ~~grant a certain exemption to the State pay plan under certain circumstances~~ set the pay scale for certain chief financial officer positions in order to assist with recruitment and retention; requiring ~~certain appointing authorities to select~~ the Secretary to establish certain minimum qualifications for chief financial officers that ~~meet~~ consider certain ~~requirements; qualifications;~~ requirements; qualifications; requiring the Department of Budget and Management to adopt certain regulations on or before a certain date; requiring certain chief financial officers to provide to the Office of the Comptroller certain financial information at the close of the fiscal year for a certain report; requiring certain chief financial officers to provide the General Accounting Division of the Office of the Comptroller with certain information and a certain letter; ~~requiring certain units of State government to liquidated damages documentation requirements and take certain actions if the unit does not intend to pursue certain damages;~~ and generally relating to liquidated damages documentation requirements and the chief financial officers of units in the Executive Branch of State government.

BY repealing and reenacting, without amendments,

Article – State Finance and Procurement
Section 11–101(a), (d), and (aa) and 15–113(a) and (d)
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement
Section 15–113(e)
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions
 Section 1–101(a) and (b)
 Annotated Code of Maryland
 (2024 Replacement Volume and 2025 Supplement)

BY adding to

Article – State Personnel and Pensions
Section 2–206 and 2–207
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – State Finance and Procurement

11–101.

(a) In this Division II the following words have the meanings indicated unless:

(1) the context clearly requires a different meaning; or

(2) a different definition is provided for a particular title or provision.

(d) “Board” means the Board of Public Works.

(aa) (1) “Unit” means an officer or other entity that is in the Executive Branch of the State government and is authorized by law to enter into a procurement contract.

(2) “Unit” does not include:

(i) a bistate, multistate, bicounty, or multicounty governmental agency; or

(ii) a special tax district, sanitary district, drainage district, soil conservation district, water supply district, or other political subdivision of the State.

15–113.

(a) In this section, “liquidated damages” means damages in an amount designated by the parties to a contract that the injured party is eligible to collect as compensation for a specific breach of the contract.

(d) A unit shall obtain the approval of the head of the unit if the unit decides not to include in a contract a liquidated damages clause specified under § 13–218(a)(4) of this article.

(e) [(1) This subsection applies only to procurements valued at \$5,000,000 or more.

(2)] If a unit decides not to pursue liquidated damages when a specified breach associated with a liquidated damages provision has occurred, the unit shall:

[and] [(i)] (1) obtain the approval of the decision by the head of the unit;

[(ii)] (2) maintain documentation on the reason the unit decided not to pursue liquidated damages; AND

(3) PROVIDE DOCUMENTATION TO THE BOARD AND THE JOINT AUDIT AND EVALUATION COMMITTEE ON THE REASON THAT THE UNIT INTENDS NOT TO PURSUE LIQUIDATED DAMAGES.

Article – State Personnel and Pensions

1–101.

(a) In this Division I of this article the following words have the meanings indicated.

(b) “Appointing authority” means an individual or a unit of government that has the power to make appointments and terminate employment.

2–206.

(A) IN THIS SECTION, “CHIEF FINANCIAL OFFICER” ~~INCLUDES~~ MEANS:

~~(1) AN INDIVIDUAL ACTING AS CHIEF FINANCIAL OFFICER FOR A PERIOD OF 3 MONTHS OR LONGER; AND~~

~~(2) A POSITION EQUIVALENT TO A CHIEF FINANCIAL OFFICER~~

(1) THE HIGHEST RANKING EXECUTIVE WHO, FOR A PERIOD OF AT LEAST 6 MONTHS, IS RESPONSIBLE FOR DIRECTING ALL FINANCIAL OPERATIONS, INCLUDING:

(I) BUDGETING;

(II) ACCOUNTING;

(III) PROCUREMENT;

(IV) GRANT MANAGEMENT;

(V) ESTABLISHING FISCAL POLICIES;

(VI) ENSURING COMPLIANCE WITH STATE AND FEDERAL REGULATIONS; AND

(VII) PROVIDING STRATEGIC FINANCIAL LEADERSHIP TO AGENCY LEADERSHIP; OR

(2) A POSITION WITH EQUIVALENT DUTIES.

(B) (1) THIS EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THIS SECTION APPLIES TO A UNIT OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT THAT:

~~(1)~~ (I) RECEIVES AT LEAST ~~\$2,000,000,000~~ \$1,750,000,000 ANNUALLY IN STATE AND FEDERAL FUNDING; AND

~~(2)~~ (II) EMPLOYS A CHIEF FINANCIAL OFFICER.

(2) THIS SECTION DOES NOT APPLY TO THE UNIVERSITY SYSTEM OF MARYLAND.

(C) ~~NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AT THE REQUEST OF AN APPOINTING AUTHORITY, THE SECRETARY MAY GRANT AN EXEMPTION TO THE STATE PAY PLAN TO ASSIST UNITS OF STATE GOVERNMENT IN THE RECRUITMENT AND RETENTION OF CHIEF FINANCIAL OFFICERS~~ THE SECRETARY MAY SET THE PAY SCALE FOR CHIEF FINANCIAL OFFICER POSITIONS IN ORDER TO ASSIST WITH RECRUITMENT AND RETENTION.

(D) AN APPOINTING AUTHORITY SUBJECT TO THIS SECTION SHALL MAKE AN APPOINTMENT OF A CHIEF FINANCIAL OFFICER WHO MEETS THE ~~REQUIREMENTS~~ QUALIFICATIONS IN SUBSECTION (E) OF THIS SECTION.

~~(E) A CHIEF FINANCIAL OFFICER OF A UNIT OF STATE GOVERNMENT SUBJECT TO THIS SECTION SHALL:~~

~~(1) (I) BE A CERTIFIED PUBLIC ACCOUNTANT WITH 5 YEARS OF EXPERIENCE IN FISCAL MANAGEMENT IN THE PRIVATE OR PUBLIC SECTOR WITH A MINIMUM OF 2 YEARS OF EXPERIENCE IN A HIGH-LEVEL MANAGEMENT POSITION; OR~~

~~(II) POSSESS A MASTER'S DEGREE IN BUSINESS ADMINISTRATION, FINANCE, OR A RELATED FIELD FROM AN ACCREDITED INSTITUTION OF HIGHER EDUCATION WITH 3 YEARS OF EXPERIENCE IN FISCAL~~

~~MANAGEMENT IN THE PRIVATE OR PUBLIC SECTOR WITH A MINIMUM OF 2 YEARS OF EXPERIENCE IN A HIGH LEVEL MANAGEMENT POSITION; OR~~

~~(2) HAVE A DOCUMENTED RECORD OF MANAGEMENT WITH AT LEAST 10 YEARS' EXPERIENCE IN FISCAL MANAGEMENT IN THE PRIVATE OR PUBLIC SECTOR, WITH A MINIMUM OF 5 YEARS OF EXPERIENCE IN A HIGH LEVEL MANAGEMENT POSITION.~~

~~(F) (1) A CHIEF FINANCIAL OFFICER OF A UNIT OF STATE GOVERNMENT SUBJECT TO THIS SECTION SHALL PROVIDE TO THE OFFICE OF THE COMPTROLLER FOR THE ANNUAL COMPREHENSIVE FINANCIAL REPORT, REQUIRED UNDER § 2-102 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, ALL NECESSARY ENTRIES OF THE UNIT'S FINANCIAL INFORMATION AT THE CLOSE OF THE FISCAL YEAR.~~

~~(2) THE CHIEF FINANCIAL OFFICER THAT REPORTS TO THE COMPTROLLER UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL:~~

~~(I) ENSURE THAT EACH ENTRY IN THE UNIT'S FINANCIAL INFORMATION IS ADEQUATE AND ACCURATELY RECORDED; AND~~

~~(II) CERTIFY TO THE COMPTROLLER THE ADEQUACY AND ACCURACY OF THE FINANCIAL INFORMATION WITH A STATEMENT THAT:~~

~~1. ALL FEDERAL FUND RECEIVABLES ARE PROPERLY SUPPORTED AND CAN BE DIRECTLY ASSOCIATED WITH A SPECIFIC FEDERAL FUNDING STREAM; AND~~

~~2. THE STATE CAN REASONABLY EXPECT TO RECEIVE FUNDS WITHIN 60 DAYS FOR THE SUBSEQUENT FISCAL YEAR UNLESS SPECIFIC FEDERAL LANGUAGE ALLOWS FOR A LONGER RECOVERY PERIOD.~~

~~(3) IN ADDITION TO THE REQUIREMENTS SPECIFIED IN PARAGRAPHS (1) AND (2) OF THIS SUBSECTION, THE CHIEF FINANCIAL OFFICER SHALL PROVIDE TO THE GENERAL ACCOUNTING DIVISION OF THE OFFICE OF THE COMPTROLLER:~~

~~(I) THE INFORMATION NECESSARY TO PREPARE THE ANNUAL COMPREHENSIVE FINANCIAL REPORT AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS; AND~~

~~(II) A LETTER ATTESTING TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION PROVIDED UNDER ITEM (I) OF THIS PARAGRAPH.~~

~~(C) FOR A UNIT OF STATE GOVERNMENT SUBJECT TO THIS SECTION WITH A PROCUREMENT CONTRACT CONTAINING LIQUIDATED DAMAGE PROVISIONS IN WHICH THE UNIT INTENDS NOT TO PURSUE LIQUIDATED DAMAGES IN THE EVENT OF BREACH, THE CHIEF FINANCIAL OFFICER SHALL:~~

~~(1) PROVIDE DOCUMENTATION TO THE BOARD OF PUBLIC WORKS ON THE REASON THAT THE UNIT INTENDS NOT TO PURSUE LIQUIDATED DAMAGES; AND~~

~~(2) OBTAIN APPROVAL FROM THE BOARD OF PUBLIC WORKS IF THE UNIT DOES NOT SEEK LIQUIDATED DAMAGES.~~

(E) (1) THE SECRETARY SHALL ESTABLISH MINIMUM QUALIFICATIONS FOR CHIEF FINANCIAL OFFICER POSITIONS THAT CONSIDER:

(I) EDUCATION;

(II) EXECUTIVE EXPERIENCE AND THE DURATION OF THAT EXPERIENCE;

(III) SUPERVISORY OR MANAGERIAL EXPERIENCE;

(IV) TECHNICAL COMPETENCE;

(V) CERTIFICATIONS;

(VI) SCOPE AND COMPLEXITY OF THE ROLE; AND

(VII) ALIGNMENT WITH THE GOVERNMENT OR INDUSTRY STANDARDS.

(2) ON OR BEFORE NOVEMBER 1, 2026, THE DEPARTMENT SHALL ADOPT REGULATIONS TO ESTABLISH MINIMUM QUALIFICATIONS FOR CHIEF FINANCIAL OFFICER POSITIONS.

(F) FOR PREPARATION OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT REQUIRED UNDER § 2-102 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, A CHIEF FINANCIAL OFFICER OF A UNIT OF STATE GOVERNMENT SUBJECT TO THIS SECTION SHALL PROVIDE TO THE OFFICE OF THE COMPTROLLER AT THE CLOSE OF THE FISCAL YEAR:

(1) ALL NECESSARY ENTRIES OF THE UNIT'S FINANCIAL INFORMATION;

(2) THE INFORMATION NECESSARY TO PREPARE THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH APPLICABLE FEDERAL LAWS AND REGULATIONS; AND

(3) A LETTER ATTESTING TO THE ACCURACY AND COMPLETENESS OF THE INFORMATION PROVIDED IN ITEMS (1) AND (2) OF THIS SUBSECTION.

2-207.

(A) IN THIS SECTION, “CHIEF INFORMATION OFFICER” MEANS:

(1) AN INDIVIDUAL ACTING AS THE SENIOR EXECUTIVE OFFICER RESPONSIBLE FOR THE STRATEGIC PLANNING, MANAGEMENT, AND OVERSIGHT OF AN AGENCY’S INFORMATION TECHNOLOGY AND COMPUTER SYSTEMS AND SUPPORTING ITS MISSION AND GOALS, INCLUDING THROUGH:

(I) PROCUREMENT;

(II) COMPLIANCE WITH STATE AND FEDERAL REGULATIONS;

AND

(III) PROVIDING INFORMATION TECHNOLOGY LEADERSHIP TO AGENCY LEADERSHIP; OR

(2) A POSITION WITH EQUIVALENT DUTIES.

(B) (1) EXCEPT AS PROVIDED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THIS SECTION APPLIES TO A UNIT OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT THAT EMPLOYS A CHIEF INFORMATION OFFICER.

(2) THIS SECTION DOES NOT APPLY TO THE UNIVERSITY SYSTEM OF MARYLAND.

(C) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE SECRETARY MAY SET THE PAY SCALE FOR CHIEF INFORMATION OFFICER POSITIONS IN ORDER TO ASSIST WITH RECRUITMENT AND RETENTION.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.

Approved by the Governor, May 12, 2026.