HOUSE BILL 604

P4 CONSTITUTIONAL AMENDMENT 6lr2434
HB 159/25 – APP CF SB 28

By: **Delegate Solomon**
Introduced and read first time: January 28, 2026
Assigned to: Government, Labor, and Elections

A BILL ENTITLED

AN ACT concerning

Arbitration Reform for State Employees Act of 2026

FOR the purpose of altering the collective bargaining process for certain State employees, including by requiring the selection of a neutral arbitrator to oversee all aspects of collective bargaining, establishing a process of arbitration in the event of impasse, and providing that certain decisions of a neutral arbitrator are advisory; altering the matters that are required to be included in collective bargaining; requiring that each budget bill contain the appropriations necessary to implement all terms and conditions of employment in certain memoranda of understanding for the next ensuing fiscal year; and generally relating to collective bargaining for State employees.

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 7–108
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – State Personnel and Pensions
Section 3–103, 3–501, 3–502, and 3–603
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY adding to
Article – State Personnel and Pensions
Section 3–503
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

BY proposing an amendment to the Maryland Constitution

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

Article III – Legislative Department
Section 52

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

Article – State Finance and Procurement

7–108.

(a) In accordance with the Maryland Constitution and other law, the Governor shall include in each budget bill:

(1) an appropriation to pay the principal of and interest on the State debt;

(2) without revision, the appropriations requested for public schools, as certified by the State Superintendent of Schools;

(3) without revision, the appropriations requested for the Legislative Branch of the State government, as certified by the presiding officers of the General Assembly;

(4) without revision, the appropriations requested for the Judicial Branch of the State government, as certified by the Chief Justice of the Supreme Court of Maryland;

(5) the appropriations requested by the Governor for the Executive Branch of the State government;

(6) the appropriations required by law to be included with the appropriations for the Executive Branch;

(7) appropriations for the salaries required by law to be paid by the State;

(8) without revision, appropriations for the Accountability and Implementation Board, as jointly certified by the presiding officers of the General Assembly and the Governor; and

(9) any other appropriations required by the Maryland Constitution or other law to be included in the budget bill.

(b) The Governor shall use the current salary plan of the Secretary of Budget and Management as the basis for the appropriations to pay those salaries to which the plan applies.

(C) IN ADDITION TO THE APPROPRIATIONS REQUIRED UNDER SUBSECTION (A) OF THIS SECTION, THE GOVERNOR SHALL INCLUDE IN EACH ANNUAL BUDGET

BILL THE APPROPRIATIONS NECESSARY TO IMPLEMENT AND FUND ALL TERMS WITHIN EACH MEMORANDUM OF UNDERSTANDING BETWEEN:

(1) THE STATE AND EACH EXCLUSIVE REPRESENTATIVE OF ITS EMPLOYEES;

(2) STATE INSTITUTIONS OF HIGHER EDUCATION, INCLUDING THE UNIVERSITY SYSTEM OF MARYLAND, AND EACH EXCLUSIVE REPRESENTATIVE OF THEIR EMPLOYEES; AND

(3) THE MARYLAND ENVIRONMENTAL SERVICE AND EACH EXCLUSIVE REPRESENTATIVE OF ITS EMPLOYEES.

Article – State Personnel and Pensions

3–103.

This title and any agreement under this title do not limit or otherwise interfere with the powers of the Governor or the Maryland General Assembly **[**under**]** **EXCEPT TO OPERATE IN ACCORDANCE WITH AND HAVE THE EFFECT REQUIRED BY** Article III, § 52 of the Maryland Constitution.

3–501.

(a) (1) The following individuals or entities shall designate one or more representatives to participate as a party in collective bargaining on behalf of the State or the following institutions:

(i) on behalf of the State, the Governor;

(ii) on behalf of the Maryland Environmental Service, the Board of Directors of the Service;

(iii) on behalf of the University System of Maryland, the Chancellor; and

(iv) on behalf of Morgan State University, St. Mary's College of Maryland, or Baltimore City Community College, the governing board of the institution.

(2) The exclusive representative shall designate one or more representatives to participate as a party in collective bargaining on behalf of the exclusive representative.

(b) **(1) [**The**]** **SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE** parties shall meet at reasonable times **[**and**]** **BETWEEN JULY 1 AND SEPTEMBER 30 TO** engage in collective bargaining in good faith**[**, including facilitating the meaningful use of

a fact finder under subsection (c)(3) of this section,**]** and to conclude a written memorandum of understanding or other written understanding as defined under § 3–101(d)(1)(i)2 of this title.

(2) (I) THIS PARAGRAPH DOES NOT APPLY TO A BARGAINING UNIT FOR THE UNIFORMED FIRE EMPLOYEES OF THE BWI AIRPORT FIRE AND RESCUE DEPARTMENT.

(II) 1. FOR EACH BARGAINING UNIT, WHENEVER A MEMORANDUM OF UNDERSTANDING IS TO BE NEGOTIATED, REOPENED, OR AMENDED, EITHER PARTY MAY REQUEST A NEUTRAL ARBITRATOR FOR THE NEGOTIATIONS ON OR AFTER JULY 1.

2. IF NEGOTIATIONS HAVE NOT CONCLUDED BY SEPTEMBER 1, THE PARTIES SHALL SELECT A NEUTRAL ARBITRATOR ON OR BEFORE SEPTEMBER 15.

(III) THE ARBITRATOR SHALL BE SELECTED FROM A LIST OF 15 ARBITRATORS PROVIDED BY THE AMERICAN ARBITRATION ASSOCIATION'S LABOR ARBITRATION PANEL.

(IV) THE LIST SHALL CONSIST OF QUALIFIED, NATIONWIDE ARBITRATORS WHO ARE MEMBERS OF THE NATIONAL ACADEMY OF ARBITRATION.

(V) THE PARTIES SHALL SELECT THE ARBITRATOR BY ALTERNATELY STRIKING NAMES FROM THE LIST UNTIL ONE NAME REMAINS.

(VI) THE SELECTED ARBITRATOR MUST BE ABLE AND AVAILABLE TO PERFORM THE DUTIES AND TO HOLD HEARINGS, BOTH IN PERSON AND THROUGH REMOTE COMMUNICATION, CONSISTENT WITH THIS TITLE.

(VII) THE ARBITRATOR SHALL HAVE THE POWERS AND RESPONSIBILITIES UNDER § 3–503 OF THIS SUBTITLE.

(VIII) THE SELECTED ARBITRATOR SHALL ACCEPT THE APPOINTMENT BY THE EARLIER OF SEPTEMBER 30 OR 15 DAYS AFTER THE DAY A PARTY REQUESTS AN ARBITRATOR BE SELECTED, OR THE PARTIES MAY AGREE TO MAKE AN ALTERNATIVE APPOINTMENT FROM:

1. THE LIST ORIGINALLY PROVIDED BY THE AMERICAN ARBITRATION ASSOCIATION; OR

2. A LIST OF NATIONWIDE ARBITRATORS PROVIDED BY THE FEDERAL MEDIATION AND CONCILIATION SERVICE.

(3) THE PARTIES SHALL MAKE A REASONABLE EFFORT TO BEGIN NEGOTIATIONS ON OR NEAR JULY 1, INCLUDING THE EXCHANGE OF INFORMATION NECESSARY TO RESPONSIBLY CONDUCT AND CONCLUDE NEGOTIATIONS BY SEPTEMBER 30.

(c) **[**(1) The parties shall make every reasonable effort to conclude negotiations in a timely manner for inclusion by the principal unit in its budget request to the Governor.

(2) (i) The parties shall conclude negotiations before January 1 for any item requiring an appropriation of funds for the fiscal year that begins on the following July 1.

(ii) In the budget bill submitted to the General Assembly, the Governor shall include any amounts in the budgets of the principal units required to accommodate any additional cost resulting from the negotiations, including the actuarial impact of any legislative changes to any of the State pension or retirement systems that are required, as a result of the negotiations, for the fiscal year beginning the following July 1 if the legislative changes have been negotiated to become effective in that fiscal year.

(3) (i) This paragraph does not apply to negotiations between the State and the exclusive representative of the uniformed fire employees of the BWI Airport Fire and Rescue Department.

(ii) If the parties do not conclude negotiations for the next fiscal year before October 25, either party may request that a fact finder be employed to resolve the issues.

(iii) The fact finder shall be employed no later than November 1.

(iv) A fact finder shall be a neutral party appointed by alternate striking from a list by the parties provided:

1. by the Federal Mediation and Conciliation Service; or

2. under the Labor Arbitration Rules of the American Arbitration Association.

(v) The fact finder:

1. may give notice and hold hearings in accordance with the Administrative Procedure Act;

2. may administer oaths and take testimony and other evidence;

3. may issue subpoenas; and

4. before November 20, shall make written recommendations regarding wages, hours, and working conditions, and any other terms or conditions of employment that may be in dispute.

(vi) The written recommendations of the fact finder shall be delivered to the Governor, the exclusive representative, the President of the Senate, and the Speaker of the House of Delegates by the Secretary on or before December 1.**]**

[(4) (i)**] (1)** This **[**paragraph**]** **SUBSECTION** applies only to negotiations between the State and the exclusive representative of the uniformed fire employees of the BWI Airport Fire and Rescue Department.

[(ii)**] (2)** The parties shall reach an agreement by September 30 of the year in which a collective bargaining agreement will expire.

[(iii)**] (3)** An impasse is reached during the negotiations if the parties do not reach an agreement:

[1.**] (I)** by stating that they mutually agree they are at an impasse; or

[2.**] (II)** on or before October 1 of the year in which a collective bargaining agreement will expire.

[(iv)**] (4)** If an impasse is reached under **[**subparagraph (iii) of this paragraph**]** **PARAGRAPH (3) OF THIS SUBSECTION**, each party shall submit its last, best, and final offer to the other party within 48 hours after the impasse is reached.

[(v) 1.**] (5) (I)** Unless the impasse has been resolved, the parties shall meet within 5 business days after the impasse is reached under **[**subparagraph (iii) of this paragraph**]** **PARAGRAPH (3) OF THIS SUBSECTION** to select an arbitrator from a list of 15 arbitrators provided by the American Arbitration Association's labor arbitration panel.

[2.**] (II)** The parties shall select the arbitrator by alternately striking a name from the list until one name remains.

[3.**] (III)** If the selected arbitrator is unable to fulfill the responsibilities of the arbitration, the selection process shall be repeated using a new list of arbitrators until an arbitrator is selected.

[4.**] (IV)** The parties shall submit the dispute and the last, best, and final offers to the arbitrator within 5 business days after the arbitrator is selected.

[(vi) 1.**] (6) (I)** The arbitrator shall hold formal hearings as necessary in order to resolve the impasse.

[2.**] (II)** During the first 21 days immediately following the appointment of the arbitrator and before holding any formal hearings, the arbitrator may, if determined appropriate by the arbitrator, attempt to resolve the impasse by acting as a neutral mediator between the parties.

[(vii)**] (7)** The arbitrator shall select one party's last, best, and final offer on or before December 15.

[(viii) 1.**] (8) (I)** Subject to **[**subsubparagraph 2 of this subparagraph**] SUBPARAGRAPH (II) OF THIS PARAGRAPH**, the decision of the arbitrator is binding on the parties.

[2.**] (II)** A decision of an arbitrator under this paragraph related to wages is subject to the limitations of the State budget.

[(ix)**] (9)** The parties shall equally share the costs of the services of the arbitrator.

(d) (1) A memorandum of understanding **[**that incorporates all matters of agreement reached by the parties**] REACHED BY MUTUAL AGREEMENT** shall be executed by the exclusive representative and:

(i) for a memorandum of understanding relating to the State, the Governor or the Governor's designee;

(ii) for a memorandum of understanding relating to the Maryland Environmental Service, the Board of Directors of the Service;

(iii) for a memorandum of understanding relating to a system institution, the Chancellor or the Chancellor's designee; and

(iv) for a memorandum of understanding relating to Morgan State University, St. Mary's College of Maryland, or Baltimore City Community College, the governing board of the institution or the governing board's designee.

(2) To the extent **[**these**]** matters **INCORPORATED IN A MEMORANDUM OF UNDERSTANDING** require legislative approval or the appropriation of funds, the matters shall be **[**recommended**] REFERRED** to the General Assembly for approval or for the appropriation of funds **AS REQUIRED UNDER ARTICLE III, § 52 OF THE MARYLAND CONSTITUTION**.

(3) To the extent matters involving a State institution of higher education require legislative approval, the legislation shall be **[**recommended**]** **REFERRED** to the Governor **[**for submission to**]** **AND** the General Assembly.

(e) (1) Except as provided in paragraph (2) of this subsection, negotiations for a memorandum of understanding shall be considered closed sessions under § 3–305 of the General Provisions Article.

(2) An exclusive representative may not be considered a public body under § 3–101 of the General Provisions Article.

(f) (1) The terms of a memorandum of understanding executed by the Governor or the Governor's designee and an exclusive representative of a bargaining unit for skilled service or professional service employees in the State Personnel Management System are not applicable to employees of a State institution of higher education.

(2) The terms of a memorandum of understanding executed by the Chancellor or the governing board of Morgan State University, St. Mary's College of Maryland, or Baltimore City Community College, or their respective designees, and the exclusive representative of a bargaining unit for employees of a State institution of higher education are not applicable to skilled service or professional service employees in the State Personnel Management System.

3–502.

(a) Collective bargaining shall include all matters relating to:

(1) wages, hours, **FRINGE BENEFITS, HEALTH BENEFITS,** and other terms and conditions of employment; and

(2) the time and manner of access to a new employee program in accordance with § 22–207 of the State Government Article.

(b) Notwithstanding subsection (a) of this section, the representatives of the State, the Maryland Environmental Service, a system institution, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College:

(1) may not be required to negotiate over any matter that is inconsistent with applicable law; and

(2) may negotiate and reach agreement with regard to any such matter **THAT IS INCONSISTENT WITH APPLICABLE LAW** only if it is understood that**, WITH RESPECT TO THE MATTER,** the agreement **[**with respect to such matter**]** **OR MEMORANDUM OF UNDERSTANDING** cannot become effective unless the applicable law is amended by the General Assembly.

3–503.

(A) (1) A NEUTRAL ARBITRATOR SELECTED UNDER § 3–501(B) OF THIS SUBTITLE:

(I) MAY MEDIATE OR AID IN THE RESOLUTION OF ANY DISPUTE BETWEEN THE PARTIES REGARDING THE CONDUCT OF NEGOTIATIONS;

(II) MAY RECEIVE FROM THE PARTIES COPIES OF INFORMATION REQUESTS PRESENTED AND RESPONSES RECEIVED TO MEDIATE OR AID IN THE RESOLUTION OF DISPUTES THAT ARISE BETWEEN THE PARTIES CONSISTENT WITH THIS TITLE; AND

(III) MAY DIRECT PRODUCTION OF ESTIMATES OF REVENUES AND EXPENDITURES COMPILED BY THE STATE BOARD OF REVENUE ESTIMATES, THE BUREAU OF REVENUE ESTIMATES, OR THE CONSENSUS REVENUE MONITORING AND FORECASTING GROUP.

(2) (I) THE OPINIONS AND GUIDANCE ISSUED BY THE NEUTRAL ARBITRATOR UNDER THIS SUBSECTION SHALL BE ADVISORY ON THE PARTIES AND THE GOVERNOR.

(II) THE USE OF A NEUTRAL ARBITRATOR DOES NOT DIMINISH OR LIMIT THE RIGHTS OF ANY PARTY TO FILE AND PURSUE A COMPLAINT OF UNFAIR LABOR PRACTICES BEFORE THE BOARD.

(B) (1) IF EITHER PARTY DECLARES AN IMPASSE ON OR AFTER OCTOBER 1, ARBITRATION SHALL PROCEED AS DESCRIBED IN THIS SUBSECTION.

(2) (I) ON THE FIFTH BUSINESS DAY AFTER THE IMPASSE IS DECLARED, EACH PARTY SHALL SUBMIT TO THE NEUTRAL ARBITRATOR, IN WRITING AND WITH A COPY TO THE OTHER PARTY, A LAST, BEST, AND FINAL OFFER, INCLUDING:

1. ALL PROVISIONS IN THE EXISTING MEMORANDUM OF UNDERSTANDING NOT TO BE MODIFIED;

2. ALL NEW, AMENDED, OR MODIFIED MEMORANDUM OF UNDERSTANDING PROVISIONS AGREED TO BY THE PARTIES BEFORE THE IMPASSE WAS DECLARED THAT ARE TO BE INCLUDED THROUGH WRITTEN MUTUAL AGREEMENT; AND

3. SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, DETAILED FURTHER PROVISIONS THAT A PARTY IS PROPOSING FOR INCLUSION IN A MEMORANDUM OF UNDERSTANDING.

(II) FURTHER PROVISIONS ARE LIMITED TO SPECIFIC PROPOSALS THAT WERE SUBMITTED IN WRITING TO THE OTHER PARTY AND WERE THE SUBJECT OF COLLECTIVE BARGAINING BETWEEN THE PARTIES UP TO THE TIME OF IMPASSE, INCLUDING PROPOSALS THAT THE PARTIES HAVE DECIDED TO INCLUDE IN THE MEMORANDUM OF UNDERSTANDING THROUGH WRITTEN MUTUAL AGREEMENT.

(3) THE NEUTRAL ARBITRATOR ACTING AS A MEDIATOR SHALL ATTEMPT TO RESOLVE THE IMPASSE BEFORE A FORMAL HEARING ON THE IMPASSE.

(4) (I) WITHIN 30 CALENDAR DAYS AFTER A DECLARED IMPASSE, THE NEUTRAL ARBITRATOR SHALL HOLD A FORMAL HEARING AT WHICH THE PARTIES MAY SUBMIT, IN WRITING OR ORAL TESTIMONY, ALL INFORMATION OR DATA SUPPORTING THE FINAL POSITIONS.

(II) ABSENT MUTUAL AGREEMENT BETWEEN THE PARTIES, OR AS OTHERWISE ORDERED BY THE NEUTRAL ARBITRATOR, THE FORMAL HEARING SHALL CONCLUDE WITHIN 45 CALENDAR DAYS AFTER THE IMPASSE DATE.

(5) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE ARBITRATION SHALL CONCLUDE WITH A WRITTEN AWARD THAT SUSTAINS IN ITS ENTIRETY THE LAST, BEST, AND FINAL OFFER OF ONE OF THE PARTIES.

(II) BEFORE A WRITTEN AWARD IS ISSUED, BY WRITTEN AGREEMENT SIGNED BY THE REPRESENTATIVES OF THE PARTIES PARTICIPATING IN THE ARBITRATION, THE PARTIES MAY DIRECT THE NEUTRAL ARBITRATOR TO RULE ON SPECIFICALLY IDENTIFIED TOPICS OF BARGAINING.

(6) (I) THE NEUTRAL ARBITRATOR SHALL ISSUE A PRELIMINARY WRITTEN AWARD ON OR BEFORE DECEMBER 5.

(II) THE PRELIMINARY WRITTEN AWARD SHALL ADDRESS ALL PROVISIONS THAT EACH PARTY PROPOSED IN ITS RESPECTIVE FINAL POSITION FOR INCLUSION IN A MEMORANDUM OF UNDERSTANDING.

(III) WITHIN 5 BUSINESS DAYS AFTER RECEIPT OF THE PRELIMINARY WRITTEN AWARD, THE PARTIES SHALL REVIEW THE AWARD AND MAY SEVERALLY OR MUTUALLY REQUEST CHANGES OR ADJUSTMENTS IN THE AWARD.

(IV) ON OR BEFORE DECEMBER 15, THE NEUTRAL ARBITRATOR SHALL ISSUE A FINAL WRITTEN AWARD IN WHICH THE ARBITRATOR:

1. SHALL ORDER IMPLEMENTATION OF THE LAST, BEST, AND FINAL OFFER OF EITHER PARTY IN ITS ENTIRETY, INCORPORATING ANY VOLUNTARILY AGREED–TO TERMS BETWEEN THE PARTIES; AND

2. SHALL INCLUDE:

A. ANY VOLUNTARILY AGREED–TO TERMS BETWEEN THE PARTIES; AND

B. ANY PRIOR TERM THAT BY AGREEMENT IS NOT TO BE CHANGED FOR THE NEXT FISCAL YEAR.

(V) AFTER DECEMBER 15, IF REQUESTED BY EITHER PARTY, THE NEUTRAL ARBITRATOR SHALL ISSUE BY JANUARY 20 OF THE IMMEDIATELY FOLLOWING YEAR A STATEMENT OF REASONS FOR THE FINAL WRITTEN AWARD.

(7) THE NEUTRAL ARBITRATOR SHALL CONSIDER THE FOLLOWING WHEN DEVELOPING A WRITTEN AWARD:

(I) THE LAWFUL AUTHORITY OF THE EMPLOYER, INCLUDING THE OBLIGATION OF THE EMPLOYER TO USE SPECIAL FUNDS ONLY FOR AUTHORIZED PURPOSES UNDER LIMITATIONS IMPOSED BY FEDERAL OR STATE LAW;

(II) STIPULATIONS OF THE PARTIES;

(III) THE INTERESTS AND WELFARE OF THE PUBLIC;

(IV) THE FINANCIAL ABILITY OF THE EMPLOYER TO MEET COSTS, WITHOUT THE PREMISE THAT THE EMPLOYER MAY NEED TO INCREASE OR IMPOSE NEW TAXES, FEES, OR CHARGES, OR DEVELOP OTHER SOURCES OF REVENUE OR TRANSFER FUNDS FROM THE REVENUE STABILIZATION ACCOUNT ESTABLISHED UNDER § 7–311 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;

(V) THE PRESENT AND FUTURE GENERAL ECONOMIC CONDITION OF THE STATE OR STATE INSTITUTIONS OF HIGHER EDUCATION;

(VI) COMPARISONS OF WAGES, HOURS, AND CONDITIONS OF EMPLOYMENT OF THE EMPLOYEES INVOLVED WITH ARBITRATION WITH THE WAGES, HOURS, AND CONDITIONS OF EMPLOYMENT OF OTHER EMPLOYEES PERFORMING SIMILAR SERVICES IN PUBLIC EMPLOYMENT IN ADJACENT STATES;

(VII) COMPARISONS OF COLLECTIVE BARGAINING PATTERNS IN OTHER STATES AND AMONG COUNTY EMPLOYEES IN THE STATE;

(VIII) CONSUMER PRICES FOR GOODS AND SERVICES AS DEFINED BY PUBLIC AND PRIVATE SOURCES;

(IX) THE OVERALL COMPENSATION PRESENTLY RECEIVED BY THE EMPLOYEES, INCLUDING DIRECT WAGE COMPENSATION, VACATION, HOLIDAYS, EXCUSED TIME OFF, INSURANCE AND PENSIONS COSTS, MEDICAL AND HOSPITALIZATION BENEFITS, THE CONTINUITY AND STABILITY OF EMPLOYMENT, AND ALL OTHER RECEIVED BENEFITS;

(X) CHANGES IN ANY OF THE FOREGOING CIRCUMSTANCES DURING THE PENDENCY OF THE ARBITRATION; AND

(XI) OTHER FACTORS THAT ARE NORMALLY OR TRADITIONALLY TAKEN INTO CONSIDERATION IN THE DETERMINATION OF WAGES, HOURS, AND CONDITIONS OF EMPLOYMENT THROUGH VOLUNTARY COLLECTIVE BARGAINING, MEDIATION, ARBITRATION, OR OTHERWISE BETWEEN THE PARTIES IN PUBLIC SERVICE OR PRIVATE EMPLOYMENT.

(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE DECISION OF THE NEUTRAL ARBITRATOR SHALL BE FINAL AND BINDING ON THE PARTIES.

(2) A DECISION AS TO A MATTER REQUIRING AN APPROPRIATION OF FUNDS IS CONTINGENT ON THE APPROVAL OF THE APPROPRIATION BY THE GENERAL ASSEMBLY IN ACCORDANCE WITH ARTICLE III, § 52 OF THE MARYLAND CONSTITUTION.

(3) A DECISION OF AN ARBITRATOR UNDER THIS SUBSECTION RELATED TO WAGES IS SUBJECT TO THE LIMITATIONS OF THE STATE BUDGET.

(D) THE STATE, A STATE INSTITUTION OF HIGHER EDUCATION, AND THE MARYLAND ENVIRONMENTAL SERVICE AND THE GOVERNOR SHALL TAKE ALL ACTIONS NECESSARY TO CARRY OUT AND EFFECTUATE THE FINAL WRITTEN AWARD AND PLACE INTO EFFECT THE MEMORANDUM OF UNDERSTANDING.

(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE PARTIES AT ANY TIME MAY AMEND OR MODIFY THE FINAL WRITTEN AWARD AND, BY CONSENT, THE AMENDMENTS OR MODIFICATIONS SHALL BE APPROVED BY THE PARTIES AND PLACED IN A SUPPLEMENTAL WRITTEN AWARD BY THE NEUTRAL ARBITRATOR THAT SHALL BE FINAL AND BINDING.

(2) A SUPPLEMENTAL WRITTEN AWARD UNDER PARAGRAPH (1) OF THIS SUBSECTION SHALL TAKE EFFECT ON THE DATE OF THE ORDER OF THE NEUTRAL ARBITRATOR AND MAY NOT REQUIRE RATIFICATION UNDER § 3–601 OF THIS TITLE.

(F) A DEADLINE IN THIS SECTION MAY BE MODIFIED, BASED ON GOOD CAUSE, BY MUTUAL AGREEMENT OF THE PARTIES OR BY ORDER OF THE NEUTRAL ARBITRATOR.

(G) (1) THE COSTS OF THE SERVICES OF THE NEUTRAL ARBITRATOR SHALL BE SHARED EQUALLY BY THE PARTIES.

(2) ALL OTHER COSTS INCURRED BY EITHER PARTY TO COMPLY WITH THIS SECTION SHALL BE THE RESPONSIBILITY OF THE PARTY INCURRING THE COSTS.

3–603.

(a) A memorandum of understanding **[**agreed to and ratified under § 3–601 of this subtitle**]** may not expire until it is succeeded by a memorandum of understanding that is agreed to and ratified or adopted by arbitration under this title.

(b) Notwithstanding § 3–601(b) of this subtitle, all terms of a memorandum of understanding shall continue in force and effect without change until a successor memorandum of understanding is agreed to and ratified.

(c) (1) Based on a verified complaint by an exclusive representative, the exclusive representative may file an action in a circuit court against the State, the Maryland Environmental Service, a system institution, Morgan State University, St. Mary's College of Maryland, or Baltimore City Community College to enforce the terms of this section.

(2) On receipt of an action submitted by the exclusive representative, the court shall issue a status quo order without a finding of irreparable harm to maintain a memorandum of understanding and the terms in effect pending a final order in the action.

SECTION 2. AND BE IT FURTHER ENACTED, (Three–fifths of all the members elected to each of the two Houses concurring), That it be proposed that the Maryland Constitution read as follows:

Article III – Legislative Department

52.

(1) The General Assembly shall not appropriate any money out of the Treasury except in accordance with the provisions of this section.

(2) Every appropriation bill shall be either a Budget Bill, or a Supplementary Appropriation Bill, as hereinafter provided.

(3) On the third Wednesday in January in each year, (except in the case of a newly elected Governor, and then not later than ten days after the convening of the General Assembly), unless such time shall be extended by the General Assembly, the Governor shall submit to the General Assembly a Budget for the next ensuing fiscal year. Each Budget shall contain a complete plan of proposed expenditures and estimated revenues for said fiscal year and shall show the estimated surplus or deficit of revenues at the end of the preceding fiscal year. **EACH BUDGET SHALL ALSO CONTAIN THE APPROPRIATIONS NECESSARY TO IMPLEMENT ALL TERMS AND CONDITIONS OF EMPLOYMENT IN EACH MEMORANDUM OF UNDERSTANDING CONCLUDED WITH THE STATE, WHETHER REACHED THROUGH MUTUAL AGREEMENT OR ARBITRATION THAT IS BINDING ON THE PARTIES, THE GOVERNOR, STATE INSTITUTIONS OF HIGHER EDUCATION, AND THE MARYLAND ENVIRONMENTAL SERVICE, FOR THE NEXT ENSUING FISCAL YEAR FOR STATE EMPLOYEES IN THE VARIOUS BRANCHES AND DEPARTMENTS OF STATE GOVERNMENT, INCLUDING HIGHER EDUCATION.** Accompanying each Budget shall be a statement showing: (a) the revenues and expenditures for the preceding fiscal year; (b) the current assets, liabilities, reserves and surplus or deficit of the State; (c) the debts and funds of the State; (d) an estimate of the State's financial condition as of the beginning and end of the preceding fiscal year; (e) **CHANGES IN WAGES, HOURS, FRINGE BENEFITS, HEALTH BENEFITS, AND OTHER TERMS AND CONDITIONS OF EMPLOYMENT FOR STATE EMPLOYEES INCLUDED IN EACH MEMORANDUM OF UNDERSTANDING COVERING STATE EMPLOYEES FOR THE NEXT ENSUING FISCAL YEAR; AND (F)** any explanation the Governor may desire to make as to the important features of the Budget and any suggestions as to methods for reduction or increase of the State's revenue.

(4) Each Budget shall embrace an estimate of all appropriations in such form and detail as the Governor shall determine or as may be prescribed by law, as follows: (a) for the General Assembly as certified to the Governor in the manner hereinafter provided; (b) for the Executive Department; (c) for the Judiciary Department, as provided by law, as certified to the Governor; (d) to pay and discharge the principal and interest of the debt of the State in conformity with Section 34 of Article III of the Constitution, and all laws enacted in pursuance thereof; (e) for the salaries **AND FRINGE BENEFITS** payable by the State and under the Constitution and laws of the State**, INCLUDING THOSE SALARIES AND BENEFITS COMMITTED UNDER EACH MEMORANDUM OF UNDERSTANDING COVERING STATE EMPLOYEES**; (f) for the establishment and maintenance throughout the State of a thorough and efficient system of public schools in conformity with Article 8 of the Constitution and with the laws of the State; and (g) for such other purposes as are set forth in the Constitution or laws of the State.

(5) The Governor shall deliver to the presiding officer of each House the Budget and a bill for all the proposed appropriations of the Budget classified and in such form and detail as the Governor shall determine or as may be prescribed by law; and the presiding officer of each House shall promptly cause said bill to be introduced therein, and such bill

shall be known as the "Budget Bill." The Governor may, with the consent of the General Assembly, before final action thereon by the General Assembly, amend or supplement said Budget to correct an oversight, provide funds contingent on passage of pending legislation or, in case of an emergency, by delivering such an amendment or supplement to the presiding officers of both Houses; and such amendment or supplement shall thereby become a part of said Budget Bill as an addition to the items of said bill or as a modification of or a substitute for any item of said bill such amendment or supplement may affect.

(5a) The Budget and the Budget Bill as submitted by the Governor to the General Assembly shall have a figure for the total of all proposed appropriations and a figure for the total of all estimated revenues available to pay the appropriations, and the figure for total proposed appropriations shall not exceed the figure for total estimated revenues. Neither the Governor in submitting an amendment or supplement to the Budget Bill nor the General Assembly in amending the Budget Bill shall thereby cause the figure for total proposed appropriations to exceed the figure for total estimated revenues, including any revisions, and in the Budget Bill as enacted the figure for total estimated revenues always shall be equal to or exceed the figure for total appropriations.

(6) The General Assembly shall not amend the Budget Bill so as to affect either the obligations of the State under Section 34 of Article III of the Constitution, or the provisions made by the laws of the State for the establishment and maintenance of a system of public schools or the payment of any salaries required to be paid by the State of Maryland by the Constitution.

(6a) In enacting a balanced Budget Bill each fiscal year as required under this Section, the General Assembly may amend the bill by increasing or diminishing the items therein relating to the General Assembly, and by increasing or diminishing the items therein relating to the judiciary, but except as hereinbefore specified, may not alter the bill except to strike out or reduce items therein, provided, however, that the salary or compensation of any public officer may not be decreased during the public officer's term of office. When passed by both Houses, the Budget Bill shall be presented to the Governor for approval or disapproval according to Section 17 of Article II of this Constitution.

(6b) In enacting a balanced Budget Bill as required under this Section for fiscal year 2024 and each fiscal year thereafter, the General Assembly may amend the bill by increasing, diminishing, or adding items therein relating to the General Assembly, by increasing, diminishing, or adding items therein relating to the judiciary, and by increasing, diminishing, or adding items therein relating to the Executive Department, provided that the total of the appropriation for the Executive Department approved by the General Assembly does not exceed the total proposed appropriation for the Executive Department submitted by the Governor. The salary or compensation of any public officer may not be decreased during the public officer's term of office. When passed by both Houses, the Budget Bill shall be a law immediately without further action by the Governor.

(7) The Governor and such representatives of the executive departments, boards, officers and commissions of the State expending or applying for State's moneys, as have been designated by the Governor for this purpose, shall have the right, and when requested

by either House of the General Assembly, it shall be their duty to appear and be heard with respect to any Budget Bill during the consideration thereof, and to answer inquiries relative thereto.

(8) Supplementary Appropriation Bill. Either House may consider other appropriations but both Houses shall not finally act upon such appropriations until after the Budget Bill has been finally acted upon by both Houses, and no such other appropriation shall be valid except in accordance with the provisions following: (a) Every such appropriation shall be embodied in a separate bill limited to some single work, object or purpose therein stated and called herein a Supplementary Appropriation Bill; (b) Each Supplementary Appropriation Bill shall provide the revenue necessary to pay the appropriation thereby made by a tax, direct or indirect, to be levied and collected as shall be directed in said bill; (c) No Supplementary Appropriation Bill shall become a law unless it be passed in each House by a vote of a majority of the whole number of the members elected, and the yeas and nays recorded on its final passage; (d) Each Supplementary Appropriation Bill shall be presented to the Governor of the State as provided in Section 17 of Article 2 of the Constitution and thereafter all the provisions of said section shall apply.

(9) Nothing in this section shall be construed as preventing the General Assembly from passing at any time, in accordance with the provisions of Section 28 of Article 3 of the Constitution and subject to the Governor's power of approval as provided in Section 17 of Article 2 of the Constitution, an appropriation bill to provide for the payment of any obligation of the State within the protection of Section 10 of Article 1 of the Constitution of the United States.

(10) If the Budget Bill shall not have been finally acted upon by the Legislature seven days before the expiration of the regular session, the Governor shall issue a proclamation extending the session for some further period as may, in the Governor's judgment, be necessary for the passage of such bill; but no matter other than such bill shall be considered during such extended session except a provision for the cost thereof.

(11) For the purpose of making up the Budget, the Governor shall require from the proper State officials (including all executive departments, all executive and administrative offices, bureaus, boards, commissions and agencies that expend or supervise the expenditure of, and all institutions applying, for State moneys and appropriations) such itemized estimates and other information, in such form and at such times as directed by the Governor. An estimate for a program required to be funded by a law which will be in effect during the fiscal year covered by the Budget and which was enacted before July 1 of the fiscal year prior to that date shall provide a level of funding not less than that prescribed in the law. The estimates for the Legislative Department, certified by the presiding officer of each House, of the Judiciary, as provided by law, certified by the Chief Justice of the Supreme Court of Maryland, and for the public schools, as provided by law, shall be transmitted to the Governor, in such form and at such times as directed by the Governor, and shall be included in the Budget without revision.

(12) The Governor may provide for public hearings on all estimates and may require the attendance at such hearings of representatives of all agencies, and for all institutions applying for State moneys. After such public hearings the Governor may, in the Governor's discretion, revise all estimates except those for the legislative and judiciary departments, and for the public schools, as provided by law, and except that the Governor may not reduce an estimate for a program below a level of funding prescribed by a law which will be in effect during the fiscal year covered by the Budget, and which was enacted before July 1 of the fiscal year prior thereto.

(13) The General Assembly may, from time to time, enact such laws not inconsistent with this section, as may be necessary and proper to carry out its provisions.

(14) In the event of any inconsistency between any of the provisions of this Section and any of the other provisions of the Constitution, the provisions of this Section shall prevail. But nothing herein shall in any manner affect the provisions of Section 34 of Article 3 of the Constitution or of any laws heretofore or hereafter passed in pursuance thereof, or be construed as preventing the Governor from calling extraordinary sessions of the General Assembly, as provided by Section 16 of Article 2, or as preventing the General Assembly at such extraordinary sessions from considering any emergency appropriation or appropriations.

(15) If any item of any appropriation bill passed under the provisions of this Section shall be held invalid upon any ground, such invalidity shall not affect the legality of the bill or of any other item of such bill or bills.

SECTION 3. AND BE IT FURTHER ENACTED, That the General Assembly determines that the amendment to the Maryland Constitution proposed by Section 2 of this Act affects multiple jurisdictions and that the provisions of Article XIV, § 1 of the Maryland Constitution concerning local approval of constitutional amendments do not apply.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) The amendment to the Maryland Constitution proposed by Section 2 of this Act shall be submitted to the qualified voters of the State at the next general election to be held in November 2026 for adoption or rejection in accordance with Article XIV of the Maryland Constitution.

(b) (1) At that general election, the vote on the proposed amendment to the Constitution shall be by ballot, and on each ballot there shall be printed the words "For the Constitutional Amendment" and "Against the Constitutional Amendment", as now provided by law.

(2) At that general election, a question substantially similar to the following shall be submitted to the qualified voters of the State:

"Question ___ – Constitutional Amendment

Providing that each budget shall include expenditures necessary to implement wages, hours, fringe benefits, health benefits, and other terms and conditions of employment for State employees concluded in each memorandum of understanding covering State employees.".

(c) Immediately after the election, all returns shall be made to the Governor of the vote for and against the proposed amendment, as directed by Article XIV of the Maryland Constitution, and further proceedings held in accordance with Article XIV.

SECTION 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act is contingent on the passage of Section 2 of this Act, a constitutional amendment, and its ratification by voters of the State.

SECTION 6. AND BE IT FURTHER ENACTED, That, subject to Section 5 of this Act, Section 1 of this Act shall take effect on the proclamation of the Governor that the constitutional amendment, having received a majority of the votes cast at the general election, has been adopted by the people of Maryland.