

SENATE BILL 828

P1, P3

6lr2085
CF HB 706

By: **Senator Hester**

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Finance – Delinquent Federal Funds**
3 **(Federal Obligations Enforcement Act)**

4 FOR the purpose of reserving jurisdiction with respect to certain federal land in the State
5 under certain conditions; authorizing the Central Collection Unit of the Department
6 of Budget and Management to collect a certain amount of delinquent federal funds;
7 authorizing the Central Collection Unit, under a certain circumstance, to collect
8 certain federal funds owed to the State, place liens on federal property in the State,
9 and direct the Comptroller to withhold certain payments to the federal government;
10 authorizing the Board of Public Works, by a majority vote, to determine the federal
11 government to be delinquent in federal funds owed to the State under a certain
12 circumstance; requiring certain delinquent federal funds to be referred to the Central
13 Collection Unit; authorizing the Comptroller to withhold State payments to the
14 federal government for certain delinquent federal funds referred by the Central
15 Collection Unit; and generally relating to delinquent federal funds owed to the State.

16 BY repealing and reenacting, with amendments,
17 Article – General Provisions
18 Section 6–202
19 Annotated Code of Maryland
20 (2019 Replacement Volume and 2025 Supplement)

21 BY adding to
22 Article – General Provisions
23 Section 6–204
24 Annotated Code of Maryland
25 (2019 Replacement Volume and 2025 Supplement)

26 BY repealing and reenacting, without amendments,
27 Article – State Finance and Procurement
28 Section 3–101, 3–206(a), (b), and (d), and 10–101

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,
Article – State Finance and Procurement
Section 3–302(a)(1) and 3–304(a)
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY adding to
Article – State Finance and Procurement
Section 3–302(d) and 10–208
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY adding to
Article – State Government
Section 4–115
Annotated Code of Maryland
(2021 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, without amendments,
Article – State Government
Section 6–106.1(a)
Annotated Code of Maryland
(2021 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 – General Provisions

6–202.

Notwithstanding § 6–201(a) [or], § 6–203, **OR § 6–204** of this subtitle, for the purpose of enforcing the civil or criminal laws of the State, 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.

6–204.

FOR FEDERAL FUNDS DETERMINED DELINQUENT UNDER § 10–208 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE STATE RESERVES JURISDICTION WITH RESPECT TO LAND THAT THE UNITED STATES OR ANY UNIT OF THE UNITED STATES LEASES OR OTHERWISE HOLDS IN THE STATE WHEN THE

FEDERAL GOVERNMENT IS FOUND NOT IN COMPLIANCE WITH COURT DECISIONS
UPHOLDING FEDERAL CONGRESSIONALLY APPROVED SPENDING.

Article – State Finance and Procurement

3–101.

(a) In this title the following words have the meanings indicated.

(b) “Department” means the Department of Budget and Management.

(c) “Secretary” means the Secretary of Budget and Management.

3–206.

(a) The Attorney General is legal adviser to the Department.

(b) (1) With the advice of the Secretary, the Attorney General shall assign at least 1 assistant Attorney General to the Central Collection Unit.

(2) At the request of the Governor, the Attorney General shall assign to the Department:

(i) at least 1 assistant Attorney General; and

(ii) any other assistant Attorneys General authorized by law to be assigned to the Department.

(d) Each assistant Attorney General who is assigned to the Central Collection Unit shall devote full time to the duties with that Unit and may have no other duties.

3–302.

(a) (1) Except as otherwise provided in [subsection (b)] **SUBSECTIONS (B) AND (D)** of this section, paragraph (2)(ii) of this subsection, or in other law, the Central Collection Unit is responsible for the collection of each delinquent account or other debt that is owed to the State or any of its officials or units.

(D) THE CENTRAL COLLECTION UNIT MAY COLLECT DELINQUENT FEDERAL FUNDS DETERMINED UNDER § 10–208 OF THIS ARTICLE IN AN AMOUNT UP TO THE TOTAL OF DELINQUENT FEDERAL FUNDS OWED TO THE STATE.

3–304.

(a) In carrying out its responsibilities, the Central Collection Unit may:

(1) (i) institute, in its name, any action that is available under State law for collection of a debt or claim; or

(ii) without suit, settle the debt or claim;

(2) for all debts or claims collected on or after June 1, 1992:

(i) in addition to the outstanding principal and interest, assess and collect from the debtor a fee, which may not exceed 20% of the outstanding principal and interest, sufficient to cover all collection and administrative costs; and

(ii) prior to crediting any amount to any agency which refers a debt for any purpose, withhold a fee sufficient to cover all collection and administrative costs;

(3) waive or reduce any fee assessed under paragraph (2) of this subsection;

[and]

(4) certify a debt or claim and the debtor responsible for the debt or claim to:

(i) the Comptroller for income tax refund interception in accordance with Title 13, Subtitle 9 of the Tax – General Article; and

(ii) the State Lottery and Gaming Control Agency for State lottery prize interception in accordance with § 3–307 of this subtitle; AND

(5) IF THE BOARD OF PUBLIC WORKS DETERMINES THE FEDERAL GOVERNMENT TO BE DELINQUENT IN FEDERAL FUNDS OWED TO THE STATE UNDER § 10–208 OF THIS ARTICLE, IN CONSULTATION WITH THE ATTORNEY GENERAL:

(I) COLLECT FEDERAL FUNDS OWED TO THE STATE;

(II) PLACE LIENS ON FEDERAL PROPERTY IN THE STATE; AND

(III) DIRECT THE COMPTROLLER TO WITHHOLD PAYMENTS TO THE FEDERAL GOVERNMENT AS PROVIDED UNDER § 4–115 OF THE STATE GOVERNMENT ARTICLE.

10–101.

In this title, “Board” means the Board of Public Works.

10–208.

(A) IF THE FEDERAL GOVERNMENT DOES NOT COMPLY WITH COURT DECISIONS UPHOLDING CONGRESSIONALLY APPROVED SPENDING, THE BOARD MAY DETERMINE, BY A MAJORITY VOTE, THE FEDERAL GOVERNMENT TO BE DELINQUENT IN FEDERAL FUNDS OWED TO THE STATE.

(B) FEDERAL FUNDS DETERMINED DELINQUENT UNDER SUBSECTION (A) OF THIS SECTION SHALL BE REFERRED TO THE CENTRAL COLLECTION UNIT OF THE DEPARTMENT OF BUDGET AND MANAGEMENT.

Article – State Government

4–115.

FOR DELINQUENT FEDERAL FUNDS REFERRED BY THE CENTRAL COLLECTION UNIT OF THE DEPARTMENT OF BUDGET AND MANAGEMENT UNDER § 3–304(A)(5)(III) OF THE STATE FINANCE AND PROCUREMENT ARTICLE, THE COMPTROLLER MAY WITHHOLD STATE PAYMENTS TO THE FEDERAL GOVERNMENT.

6–106.1.

(a) The General Assembly finds that:

(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.

SECTION 2. AND BE IT FURTHER ENACTED, That, if any provision of this Act or the application of any provision of this Act to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act that can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.