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MAJORITY WHIP

Appropriations Committee



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THE MARYLAND HOUSE OF DELEGATES  
ANNAPOLIS, MARYLAND 21401

**HB0165 - Local Government – Annual Audit Reporting Requirements – Alterations**

**Thank you, Chair Guzzone, and members of the Budget and Taxation Committee.**

I am here today to present my legislation, House Bill 165, the House Crossfile of SB747. This bill addresses a critical oversight issue – the timely submission of mandatory audits by our counties and municipalities. This alteration to audit reporting enforcement ensures that citizens are protected and jurisdictions are fully transparent with their financial records.

If a local government fails to submit its audit within a year past the deadline, the Department of Legislative Services is required to inform the Comptroller. In response, the Comptroller will withhold 20% of state funds allocated for policing, highway user revenues, and disparity grants from the non-compliant municipality. This measure aims to encourage jurisdictions that are falling behind in submitting their audits to submit them on time and fulfill their obligations.

As legislators, we make tough decisions to balance the state budget. We make ourselves accountable to the federal government for any and all federal funding that Maryland receives, and we have to make ourselves answerable to the people of Maryland every year for spending their money by presenting a balanced and transparent budget. This process can be challenging, and we may not be able to pass many well-intentioned bills this session due to the responsibility to balance the budget. That's also called governing. If we do nothing else, we pass a budget that allocates money to state and local governments to provide services to the people of Maryland. It's essential for Marylanders to know that their tax money is being utilized effectively and efficiently, and we achieve this through audits that keep our county and municipal leaders accountable.

I want to be clear. This legislation is not directed at any one municipality or county, nor is it partisan. I introduced this bill based on a principle. The truth is that our current methods of enforcement are inadequate, and we have noticed a concerning pattern of some municipalities and counties delaying or not submitting their audits on time. While most of them take corrective action immediately to rectify the delay, some fail to comply year after year. This not only obstructs our legislative oversight but also keeps our constituents in the dark about fiscal matters that have a direct impact on their lives and communities.

House Bill 165 addresses this gap in compliance by setting clear, tangible consequences for continued non-adherence. It's a step towards ensuring that all jurisdictions within our state uphold their duty of financial transparency and accountability.

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Currently, there are minimum differences between the cross-filed bills. The bills vary primarily in that the House bill mandates that the consequences for a late audit take effect once the audit is three years late, while the Senate version begins when those audits are two years late. The House version also removes Disparity Grants from the bill, which the Senate version retains.

**Thank you for your time, and I urge a favorable report on HB165.**