



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

House Bill 1279 State Agencies - Adoption of Regulations -Required

Letter of Opposition

DATE: February 25th 2025

COMMITTEE: Health and Government Operations

SUMMARY OF BILL: This bill would prohibit a unit of State government from collecting any fee or other payment under a program that requires regulations until the unit finalizes adoption of the implementing regulations. The bill takes effect October 1, 2025.

EXPLANATION: The Department of Budget and Management (DBM) respectfully opposes this legislation. This bill has the potential to impact the implementation of the Department of Labor's Family and Medical Leave Insurance (FAMLI) program, which requires the collection of employer and employee contributions to fund the program. DBM has accounted for contributions in its budget projections beginning in fiscal year 2026. Any prohibition on collecting fees or other payments before finalizing all implementing regulations could delay or disrupt the scheduled start of FAMLI contribution collections, potentially affecting the program's funding structure and implementation timeline.

DBM is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long term. In light of current projected general fund deficits in fiscal year 2027 forward, DBM urges caution in passing legislation that could delay or impede revenue collection for established programs. Any disruption to planned FAMLI contribution collections could create funding gaps that would need to be addressed through other means, potentially impacting the State's fiscal outlook.

Given the forecasted out-year deficits for the General Fund as well as significant uncertainty regarding the federal budget and policy changes, it would be challenging for the State to manage potential funding gaps or delays in contribution collection for programs like FAMLI that rely on fee-based funding structures. For these reasons, the Department of Budget and Management respectfully requests an unfavorable report.

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