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March 3, 2026

**TO:** The Honorable Ben Barnes  
Chair, Appropriations Committee

**FROM:** Tiffany Clark  
Director, Legislative Affairs, Office of the Attorney General

**RE:** House Bill 706 – State Finance – Delinquent Federal Funds (Federal Obligations Enforcement Act) (Letter of Concern)

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The Office of the Attorney General (OAG) respectfully submits this letter of concern regarding House Bill 706 - State Finance – Delinquent Federal Funds (Federal Obligations Enforcement Act). HB 706 authorizes the Board of Public Works to declare the federal government delinquent in funds owed to the State when the federal government fails to comply with court decisions upholding congressionally approved spending, and to empower the Central Collection Unit and the Comptroller to pursue collection through a range of enforcement mechanisms, including placing liens on federal property and withholding State payments to the federal government.

While we appreciate the intent of this legislation to give Maryland practical tools to respond to federal noncompliance with court-ordered spending obligations, which is a genuinely important policy concern, we have identified several significant issues that warrant the Committee's careful attention before the bill advances:

- **Jurisdictional reservation provision may be legally ineffective.** Proposed § 6-204 General Procedures Article purports to reserve State jurisdiction over federally held lands in Maryland when the federal government is found noncompliant with court decisions. However, once the State has ceded jurisdiction to the federal government, which occurs at the time of the federal government's acquisition of the property, it is not clear that the State retains the authority to unilaterally reclaim it. Jurisdiction ceded to the federal government generally can only be returned at the federal government's discretion. This is

a complex area of constitutional law, and the provision as drafted may not achieve its intended effect.

- **Scope and operation of the jurisdictional reservation are unclear.** The bill does not specify which federal lands in Maryland would be subject to the reservation, whether the reservation is permanent once triggered, or how and under what circumstances it could be reversed. These ambiguities could generate significant litigation and uncertainty for State agencies administering the provision.
- **Enforcement mechanisms raise unresolved practical and legal questions.** The bill authorizes the CCU to collect federal funds owed to the State, place liens on federal property, and direct the Comptroller to withhold payments to the federal government. While the goal is understandable, the bill does not address the substantial barriers these actions may face, including the potential downstream consequences for federal-state funding relationships that extend well beyond the targeted delinquency.
- **Interaction with existing law is ambiguous.** The relationship between proposed § 6-204 of the General Procedures Article and existing § 6-201(a) is not clearly defined. The most plausible reading is that § 6-204 would conditionally reserve State jurisdiction even in circumstances where § 6-201(a)'s limiting conditions are not met, potentially including situations where such a reservation would be inconsistent with the federal government's purpose in holding the property.
- **OAG consultation role requires clarity.** The bill requires DBM's Central Collection Unit to consult with the Attorney General before pursuing enforcement options under § 3-304(a)(5) of the State Finance and Procurement Article. While the OAG stands ready to provide legal guidance, the consultation requirement as drafted does not specify the nature, timing, or scope of that consultation, which could create ambiguity in practice.

We appreciate the sponsors' work on this important issue and recognize the urgency behind efforts to give Maryland effective recourse when the federal government withholds funds it is legally obligated to provide. The OAG remains available to work collaboratively with the sponsors and the Committee to address these concerns.

Cc: Members of the Committee