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**THE MARYLAND HOUSE OF DELEGATES**  
ANNAPOLIS, MARYLAND 21401

**HB 1422 Testimony**  
**State Personnel – Liquidated Damages Documentation Requirements**  
**and State Fiscal Leadership Capacity**  
**Senate Budget and Taxation Committee**  
**April 2, 2026**

Chair Guzzone, Vice Chair Rosapepe, and Colleagues,

Thank you for the opportunity to present on HB 1422, State Personnel – Liquidated Damages Documentation Requirements and State Fiscal Leadership Capacity. This legislation establishes educational and experience guidelines to ensure that certain State agency Chief Financial Officers (CFO) have the appropriate qualifications commensurate with the significant fiscal responsibilities of the position, and enhances liquidated damages provisions in State law to increase accountability.

**What Does This Bill Do?**

This bill makes certain provisions related to CFOs that only applies to State Agencies with at least \$1.75 billion in annual funding (this currently includes DHS, DPSCS, MSDE, MDOT, and MDH).

- DBM is required to adopt regulations that create minimum qualifications for CFOs that consider 7 areas of education, experience, and competence, and the new standards must be adopted via regulation by November 1.
- The new standards for CFO competence must consider the following:
  - Education;
  - Executive Experience and Duration of Experience;
  - Technical Competence;
  - Relevant Certifications;
  - Role Scope and Complexity; and

- Alignment with Government or Industry Standards.
- A new provision allows the DBM Secretary to adjust the pay scale as needed to recruit and retain CFOs and Chief Information Officers (CIO).

### **Financial Issues and Liquidated Damages**

Recent OLA audits found issues with accounting and procedures around federal funds. Under this legislation, a CFO or acting CFO is required to submit a letter to the Comptroller each year, certifying that all financial information including all expenditures of federal funding is accurate and complete.

In current law, State agencies are required to obtain approval from management to not pursue liquidated damages against a contractor in the event of a breach of contract. This legislation requires each State agency to provide documentation to the BPW and JAEC as to why liquidated damages are not being pursued. In addition, the bill removes the \$5 million minimum threshold for such contracts to be reviewed. There is a minor technical amendment also, to ensure the bill matches the Senate version. **This bill is a priority JAEC and passed 124-8 in the House and the Senate version passed unanimously. Thank you for your consideration and I urge a favorable report for HB 1422.**