

SB0116/913121/1

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL 116
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “**Rate**” insert “**and Local Government Reporting Requirements**”; in line 4, after “of” insert “requiring a certain amount of State aid to be discontinued if a county, municipality, or special taxing district does not submit a certain audit report within a certain time frame of the deadline for the report, subject to a certain condition;”; strike beginning with “applying” in line 6 down through “corporation” in line 7 and substitute “requiring the City of Seat Pleasant to hire a certain entity to perform a certain audit by a certain date”; in line 8, after “property” insert “and local government reporting requirements”; and after line 8, insert:

“BY repealing and reenacting, without amendments,

Article - Local Government

Section 16-304

Annotated Code of Maryland

(2013 Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,

Article - Local Government

Section 16-306

Annotated Code of Maryland

(2013 Volume and 2022 Supplement)”.

AMENDMENT NO. 2

On page 1, after line 15, insert:

“Article – Local Government

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16-304.

(a) (1) Except as provided in paragraph (2) of this subsection, on or before October 31 after the close of its fiscal year, each county, municipality, and special taxing district shall file with the Department of Legislative Services a financial report for that fiscal year.

(2) (i) A county, municipality, or special taxing district with a population of over 400,000 may file its financial report on or before December 31 after the close of its fiscal year.

(ii) Unless subparagraph (i) of this paragraph applies, Howard County may file its financial report on or before November 30 after the close of its fiscal year.

(iii) Allegany County, Calvert County, Caroline County, Charles County, Frederick County, Garrett County, Queen Anne's County, St. Mary's County, Somerset County, Talbot County, and Wicomico County may file the county's financial report on or before December 31 after the close of the county's fiscal year.

(b) The financial report required under subsection (a) of this section shall be:

(1) prepared on the form established by the Department of Legislative Services; and

(2) verified by the chief executive officer of the county, municipality, or special taxing district.

(c) If a county, municipality, or special taxing district does not comply with subsection (a) of this section, the Comptroller, on notice from the Executive Director of the Department of Legislative Services, may order the discontinuance of all money,

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grants, or State aid that the county, municipality, or special taxing district is entitled to receive under State law, including money from:

- (1) the income tax;
- (2) the tax on racing;
- (3) the recordation tax;
- (4) the admissions and amusement tax; and
- (5) the license tax.

16-306.

(a) The county, municipality, or special taxing district shall report the results of the audit required under § 16-305 of this subtitle to the Legislative Auditor:

(1) on the form and in the manner that the Legislative Auditor requires;
and

(2) on or before the date the financial report of the county, municipality, or special taxing district must be filed under § 16-304(a) of this subtitle.

(b) An audit report filed by a county, municipality, or special taxing district with the Legislative Auditor shall include financial statements of the county, municipality, or special taxing district that are:

(1) prepared in accordance with generally accepted accounting principles; and

(2) audited in accordance with generally accepted auditing standards.

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(c) An audit report filed with the Legislative Auditor is a public record.

(d) [If] EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, IF a county, municipality, or special taxing district does not comply with subsection (a) or (b) of this section, the Comptroller, on notice from the Executive Director of the Department of Legislative Services, may order the discontinuance of all money, grants, or State aid that the county, municipality, or special taxing district is entitled to receive under State law that are distributed by the Comptroller, the clerks of the court, or any other unit of State government.

(E) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF A COUNTY, MUNICIPALITY, OR SPECIAL TAXING DISTRICT DOES NOT COMPLY WITH SUBSECTION (A) OR (B) OF THIS SECTION WITHIN 1 CALENDAR YEAR AFTER THE DEADLINE DESCRIBED IN SUBSECTION (A)(2) OF THIS SECTION, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LEGISLATIVE SERVICES SHALL NOTIFY THE COMPTROLLER AND THE COMPTROLLER SHALL ORDER THE DISCONTINUANCE OF 20% OF ALL STATE AID THAT THE COUNTY, MUNICIPALITY, OR SPECIAL TAXING DISTRICT IS ENTITLED TO RECEIVE UNDER STATE LAW THAT IS DISTRIBUTED BY THE COMPTROLLER, THE CLERKS OF THE COURT, OR ANY OTHER UNIT OF STATE GOVERNMENT.

(2) IF A COUNTY, MUNICIPALITY, OR SPECIAL TAXING DISTRICT THAT HAD FUNDS DISCONTINUED UNDER PARAGRAPH (1) OF THIS SUBSECTION SUBMITS THE AUDIT REPORT REQUIRED UNDER THIS SECTION WITHIN THE SAME FISCAL YEAR AS THE DISCONTINUANCE, THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LEGISLATIVE SERVICES SHALL NOTIFY THE COMPTROLLER AND THE COMPTROLLER SHALL ORDER THE CONTINUANCE OF THE FUNDS DISCONTINUED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

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SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:”.

AMENDMENT NO. 3

On page 2, in line 7, after “(1)” insert “**(I)**”; strike beginning with the bracket in line 8 down through the comma in line 9; strike beginning with “**(2)**” in line 13 down through “**(D)**” in line 16 and substitute “**(II)**”; strike beginning with “shall” in line 18 down through “**COUNTY**” in line 22 and substitute “**MAY NOT EXCEED \$3.75 FOR EACH \$100 OF ASSESSMENT**”; in lines 23 and 24, in each instance, strike the bracket; in line 25, strike “2.” and substitute “4.”; and in line 26, after “and” insert “Section 2 of this Act”.

AMENDMENT NO. 4

On page 2, after line 24, insert:

“SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) (1) On or before August 1, 2023, the City of Seat Pleasant shall procure, using a competitive bidding process, an independent certified public accounting firm with expertise in municipal corporation government to conduct an audit of the City of Seat Pleasant.

(2) A certified public accounting firm that provides services to the City of Seat Pleasant may not bid on the procurement.

(b) On award of the contract, and prior to the commencement of the audit, the independent certified public accounting firm shall consult with the Joint Audit and Evaluation Committee established under Title 2, Subtitle 6 of the State Government Article and the Office of Legislative Audits established under Title 2, Subtitle 12 of the State Government Article in the development of the scope and objectives of the performance audit.

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(c) The audit shall evaluate all revenues and expenditures of the City of Seat Pleasant beginning with fiscal year 2019.

(d) On or before January 1, 2024, in accordance with § 2-1257 of the State Government Article, the City of Seat Pleasant shall submit the report of the independent certified public accounting firm to the Joint Audit and Evaluation Committee, the Office of Legislative Audits, and the General Assembly.”.