

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 35 (Senator Ellis)
Education, Energy, and the Environment

**Municipal Appointees and Employees - Financial Oversight - Required
Education and Experience**

This bill establishes education and work experience requirements that municipalities must follow, beginning June 30, 2030, when appointing, hiring, or continuing to employ an individual as a comptroller, treasurer, or other employee responsible for the financial oversight and management of funds of the municipality. The bill requires a municipality to maintain a public record of the qualifications of this employee and include this record in the annual audit report the municipality submits to the Office of Legislative Audits (OLA). OLA must include this information in the annual report they submit to the Comptroller's Office and Executive Director of the Department of Legislative Services (DLS). **This bill takes effect July 1, 2025, and applies to any individual appointed or hired by a municipality on or after July 1, 2025.**

Fiscal Summary

State Effect: This bill is not expected to materially impact State finances. OLA can handle the bill's requirements with existing resources.

Local Effect: Although some local governments may be affected by the adoption of the bill's requirements when hiring or continuing to employ a specified position beginning June 30, 2030, any impact cannot be reliably estimated at this time. Local revenues are not affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Bill Summary: Beginning June 30, 2030, a municipal comptroller, treasurer, or other specified employee must (1) have satisfactorily completed 27 semester hours of undergraduate or graduate level accounting courses, as specified; (2) hold a baccalaureate or higher degree in accounting, business administration, finance, public administration, or a related field from an accredited institution of higher education; and (3) have at least five years of full-time employment experience in accounting or finance or a related field that includes three years in a supervisory or leadership role in accounting, finance, public finance, or a related field.

The bill also requires municipalities to establish continuing education requirements for specified employees that include a minimum number of hours per year of professional development and training related to ethics in financial management, government accounting, or municipal finance.

Current Law: Generally, each county and municipality must have their financial records audited each year and submit the completed audit report to DLS. The audit reports are reviewed by OLA who annually submits a [Review of Local Government Audit Reports](#) to the Comptroller and the Executive Director of DLS. OLA's review consists of assessments of compliance with certain accounting and auditing standards, evaluations of compliance with certain State laws, and analyses of selected financial data to identify potential financial problems.

Constitutional Home Rule

There are 156 municipalities with home rule powers under Article XI-E of the Maryland Constitution. Prior to 1954, the General Assembly closely supervised the creation and operation of municipalities by enacting individually drafted charters and any amendments to the charters. However, the General Assembly shifted the balance of municipal power to the municipalities themselves with the adoption of Chapter 53 of 1954, proposing a constitutional amendment. Upon ratification by the voters on November 2, 1954, Article XI-E, known as the "Municipal Home Rule Amendment," was added to the Maryland Constitution. The general purpose of Article XI-E is to permit municipalities to govern themselves in local matters. The courts have interpreted this amendment as a strong and explicit intention that the General Assembly only address the charters of the municipalities on a general basis and not pass local legislation to amend the charters of individual municipalities.

Article XI-E of the Maryland Constitution establishes certain provisions relating to municipalities as outlined below:

- Section 1, except as otherwise provided, establishes that the General Assembly may only legislate on matters relating to the incorporation, organization, government, or affairs of municipalities by general laws that apply “alike to all municipal corporations in one or more of the classes provided for in Section 2 of this Article.”
- Section 2 requires the General Assembly to divide municipalities into not more than four classes based on population. To date, the General Assembly has chosen to provide for just one class, as stated in Section 4-102 of the Local Government Article, which contains all of the municipalities.
- Section 3 grants each municipality authority to adopt a new charter or to amend or repeal its municipal charter or local laws relating to the incorporation, organization, government, or affairs of the municipality.
- Section 4 addresses the manner in which a municipal charter may be amended and requires the General Assembly to amplify its provisions by general law. Statutory provisions governing municipal charter amendments are codified in Title 4, Subtitle 3 of the Local Government Article.

Local Fiscal Effect: While municipalities would most likely be able to meet the bill’s reporting requirements with existing budgeted resources, the bill would impact local governments to the extent, beginning June 30, 2030, they do not already employ individuals that meet the requirements of the bill. Furthermore, Maryland has many municipalities with small populations that generate limited revenues in comparison to the larger municipalities in the State. The budgets of many of the State’s smaller municipalities might not be sufficient to employ individuals with the qualifications required by the bill. Furthermore, the availability of qualified candidates that meet the bill’s requirements could be scarce in certain regions within the State.

The Maryland Municipal League (MML) notes that several municipalities currently employ individuals that do not meet the qualifications under the bill. For example, the towns of Friendsville, Mountain Lake Park, and Westernport currently employ treasurers who MML believes are fully capable of managing their town’s finances but would not meet the bill’s requirements. Finding replacements for these employees could be difficult for these small towns.

The bill will not affect municipalities that have already hired and continue to employ individuals that meet the qualifications specified under the bill. For example, the City of Frostburg notes their current director of finance is a certified public accountant and that as part of this certification already meets the education and continuing education requirements proposed by the bill.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Cities of College Park, Frostburg, and Rockville; Maryland Municipal League; Department of Legislative Services – Office of Legislative Audits

Fiscal Note History: First Reader - January 19, 2025
km/tso

Analysis by: Kayvon Samadani

Direct Inquiries to:
(410) 946-5510
(301) 970-5510