

SENATE BILL 593

L3, L6

5lr2896

By: **Senator Ellis (By Request – Joint Committee on the Management of Public Funds)**

Introduced and read first time: January 23, 2025

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Municipalities and Special Taxing Districts – Annual Audit Waiver – Threshold**
3 **Increase**

4 FOR the purpose of increasing the annual revenue threshold at which the Legislative
5 Auditor may alter the frequency that certain municipalities or special taxing
6 districts are required to have an audit of their financial records performed; and
7 generally relating to the auditing of the municipalities and special taxing districts
8 financial records.

9 BY repealing and reenacting, with amendments,
10 Article – Local Government
11 Section 16–305
12 Annotated Code of Maryland
13 (2013 Volume and 2024 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Local Government**

17 16–305.

18 (a) Except as provided in subsection (b) of this section, each county, municipality,
19 and special taxing district created by the State shall have its financial records audited at
20 least once each fiscal year by the persons and for the purposes specified in this section and
21 §§ 16–307 and 16–308 of this subtitle.

22 (b) Unless the Legislative Auditor determines, on a case–by–case basis, that more
23 frequent audits are required, the Legislative Auditor may authorize a municipality or a

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 special taxing district created by the State with annual revenues of less than **[\$250,000]**
2 **\$700,000** in the prior 4 fiscal years to have an audit conducted once every 4 years.

3 (c) (1) The audit required under subsection (a) of this section shall be
4 conducted by a certified public accountant:

5 (i) acting in the capacity of an independent auditor or an official
6 auditor of a county or municipality; and

7 (ii) who is in compliance with the Maryland Public Accountancy Act.

8 (2) An official auditor must be approved by the Legislative Auditor to
9 conduct the audit.

10 (3) In conducting the audit, the auditor shall examine the methods,
11 accuracy, and legality of the financial records of the county, municipality, or special taxing
12 district.

13 (d) (1) On the initiative of the Legislative Auditor, the Legislative Auditor may
14 review or audit the financial records of any county, municipality, or special taxing district
15 created by the State.

16 (2) A county, municipality, or special taxing district created by the State
17 may request the Legislative Auditor to audit its financial records.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
19 1, 2025.