

Chapter 559

(House Bill 865)

AN ACT concerning

Catastrophic Event Account – Transfer of Funds – State Disaster Recovery Fund

FOR the purpose of authorizing the transfer of funds from the Catastrophic Event Account to the State Disaster Recovery Fund under certain circumstances; altering the number of days the Legislative Policy Committee has to review and make comments before the Governor may transfer certain funds from the Account through budget amendment; and generally relating to the transfer of funds from the Catastrophic Event Account.

BY repealing and reenacting, without amendments,

Article – Public Safety

Section 14–110.5(a)

Annotated Code of Maryland

(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – Public Safety

Section 14–110.5(f)

Annotated Code of Maryland

(2022 Replacement Volume and 2024 Supplement)

BY repealing and reenacting, with amendments,

Article – State Finance and Procurement

Section 7–324

Annotated Code of Maryland

(2021 Replacement Volume and 2024 Supplement)

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

Article – Public Safety

14–110.5.

(a) (1) In this section the following words have the meanings indicated.

(2) “Fund” means the State Disaster Recovery Fund.

(3) “Local Disaster Declaration” means a formal request for State disaster relief and recovery assistance made as a result of an emergency by the senior elected official through the local organization for emergency management.

(f) (1) The Governor may include in the annual budget bill an appropriation to the Fund.

(2) The Fund shall consist of:

(i) money appropriated in the State budget to the Fund;

(ii) **MONEY TRANSFERRED TO THE FUND FROM THE CATASTROPHIC EVENT ACCOUNT IN ACCORDANCE WITH § 7-324 OF THE STATE FINANCE AND PROCUREMENT ARTICLE;**

(iii) repayments of principal and interest from loans made from the Fund;

[(iii)] (iv) reimbursements from the federal government or other legal entities for disaster recovery assistance expenditures made from the Fund;

[(iv)] (v) interest earnings of the Fund; and

[(v)] (vi) any other money from any other source accepted for the benefit of the Fund.

Article – State Finance and Procurement

7-324.

(a) (1) In this section[,] **THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

(2) “Account” means the Catastrophic Event Account.

(3) **“FUND” MEANS THE STATE DISASTER RECOVERY FUND ESTABLISHED UNDER § 14-110.5 OF THE PUBLIC SAFETY ARTICLE.**

(b) Subject to the provisions of this section, the Account is established to enable the State or a local government to respond without undue delay to a natural disaster or other catastrophic situation, or federal employee financial hardship from a full or partial federal government shutdown due to a lapse in federal appropriations that cannot be taken care of within the resources of existing appropriations.

(c) The Governor may provide an appropriation in the budget bill to the Account.

(d) (1) Subject to paragraph (2) of this subsection, after a [15-day] ~~5-DAY~~ 10-DAY review and comment period by the Legislative Policy Committee, the Governor may transfer funds by budget amendment from the Account to:

(I) the expenditure accounts of the appropriate unit of State government or unit of local government; OR

(II) **SUBJECT TO SUBSECTION (E)(2)(II) OF THIS SECTION, THE STATE DISASTER RECOVERY FUND.**

(2) If the federal government is in a full or partial shutdown due to a lapse in appropriations, after a 2-day review and comment period by the Legislative Policy Committee, the Governor may transfer funds by budget amendment from the Account to the Federal Government Shutdown Employee Assistance Loan Fund established under § 7-327 of this subtitle.

(e) Funds appropriated to the Catastrophic Event Account:

(1) may not be used to offset operating deficiencies in regular programs of State government; but

(2) (I) may be expended to assist a unit of State government or unit of local government in funding costs in connection with a natural disaster, a catastrophic situation, or a full or partial federal government shutdown due to a lapse in appropriations; AND

(II) **MAY BE TRANSFERRED TO THE STATE DISASTER RECOVERY FUND IF:**

1. **THE BALANCE OF THE FUND HAS BEEN DEPLETED DUE TO USE OR TRANSFER; OR**

2. **THE ESTIMATED COSTS FOR PROVIDING ADEQUATE DISASTER RELIEF FOR A NATURAL DISASTER OR CATASTROPHIC SITUATION ARE IN EXCESS OF THE FUND'S BALANCE.**

(f) (1) The Account is a continuing, nonlapsing fund which is not subject to § 7-302 of this subtitle.

(2) The Treasurer shall separately hold, and the Comptroller shall account for, the Account.

(3) The Account shall be invested and reinvested in the same manner as other State funds.

(4) Any investment earnings shall be subject to § 7–311(d) of this subtitle.

(g) Money appropriated to the Account does not revert to the Revenue Stabilization Account.

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

Approved by the Governor, May 13, 2025.