**THE FEDERAL OBLIGATIONS ENFORCEMENT ACT**

**MODEL LEGISLATION FOR THE 2027 SESSIONS, PREPARED BY THE EXISTENTIALIST REPUBLIC**

This act assembles enacted and introduced state law into one statute. Its trigger, its debt-collection structure, its lien authority and its withholding authority come from Maryland's Federal Obligations Enforcement Act, Chapter 248 of 2026, in force since July 1, 2026. Its cap on the amount withheld, its monthly report, its appropriation provision and its list of state payments to the federal government come from New York's RECOURSE Act, A8097 and S6915 of 2025. Its holding account, its indemnification of state officers, its exclusions and its sunset come from Oregon House Bill 4143 as the Oregon House of Representatives passed it on February 19, 2026. Bracketed terms name the officer or fund that performs the function in the enacting state. The notes that follow the text identify the source of each section.

AN ACT relating to delinquent federal funds owed to the State; providing for the determination of federal delinquency, the collection of delinquent federal funds, the withholding of State payments to the federal government and the indemnification of State officers; and providing an effective date.

Be it enacted by the [Legislature] of the State of [State]:

**SECTION 1. SHORT TITLE. This Act may be cited as the Federal Obligations Enforcement Act.**

**SECTION 2. FINDINGS. The [Legislature] finds that:**

(1) The Government Accountability Office concluded on August 5, 2025, that the National Institutes of Health violated the Impoundment Control Act of 1974 "by improperly withholding appropriated funds from obligation and expenditure," and wrote on September 29, 2026, that "The President may not force the expiration of budget authority Congress has already enacted and did not rescind";

(2) In litigation over its October 2025 termination of 223 projects worth about $7.56 billion, the United States Department of Energy stipulated on December 23, 2025, that whether a grantee was located in a "Blue State" was a primary reason for the terminations, and stated on July 15, 2026, that the terminations were "based solely on the political identity of the grant recipient's state"; the United States District Court for the District of Columbia entered judgments in January and June 2026 ordering awards restored; and $53 million owed to eight Connecticut recipients remained unpaid on September 25, 2026;

(3) An Associated Press review of court records found that in the first 15 months of the current administration, federal district judges ruled it was violating a court order in at least 31 lawsuits;

(4) Maryland enacted the Federal Obligations Enforcement Act, Chapter 248 of 2026, effective July 1, 2026, authorizing its Board of Public Works to determine the federal government delinquent when it does not comply with court decisions upholding congressionally approved spending, and its Central Collection Unit to collect the delinquent funds, to place liens on federal property in the State and to direct its Comptroller to withhold State payments to the federal government; the Oregon House of Representatives passed a comparable measure, House Bill 4143, on February 19, 2026; and comparable bills have been introduced in New York, Washington State, Wisconsin, New Hampshire and Minnesota;

(5) The Supreme Court of the United States has held that the Constitution withholds from Congress the power to issue orders directly to the States, Murphy v. National Collegiate Athletic Association, 584 U.S. 453 (2018), and that the federal government may not command State officers to administer a federal program, Printz v. United States, 521 U.S. 898 (1997); and

(6) A qualified payment, as defined in this Act, is the property of the State until it is remitted, and a State that holds its own payment to a debtor that has defied a court decision in the State's favor acts as any creditor acts in collecting a judgment.

**SECTION 3. DEFINITIONS. As used in this Act:**

(1) "Attorney General" means the Attorney General of the State.

(2) "Comptroller" means the [Comptroller] [Controller] [Treasurer] [Director of the Department of Administration], the officer who remits payments on behalf of the State to the federal government.

(3) "Court decision" means a judgment, order, decree or mandate of a court of the United States or of a court of this State that has not been stayed and that requires the federal government to pay, obligate, disburse or restore federal funds to the State or to a unit of the State under an appropriation enacted by Congress.

(4) "Delinquent federal funds" means federal funds the federal government has not paid, obligated, disbursed or restored as a court decision requires, by the date the court decision requires or, if the court decision sets no date, within 60 days after the court decision is entered.

(5) "Federal government" means the United States and any department, agency, instrumentality or officer of the United States.

(6) "Holding Account" means the Federal Funds Holding Account established in Section 7.

(7) "Qualified payment" means a payment that the State or a unit of the State is required to make to the federal government, including a repayment of a federal grant, a payment on a federal debt,

a reimbursement of a federal expenditure, an administrative offset remitted to the federal government on a federal debt, and backup withholding remitted to the federal government, but does not include:

(a) federal income tax or tax under the Federal Insurance Contributions Act withheld from the wages of an employee of the State or a unit of the State, or the employer's share of that tax, which are held in trust for the United States under 26 U.S.C. 7501;

(b) a payment under the Federal Unemployment Tax Act or a repayment of an advance to the State's unemployment compensation fund under Title XII of the Social Security Act;

(c) a payment under a paid family and medical leave insurance program; or

(d) a payment of a judgment or settlement entered against the State in favor of the United States.

[Drafter's option: strike paragraph (a) to include the taxes withheld from State paychecks and the employer's share, as New York A8097 does. See the note on Section 3.]

(8) "Unit of the State" means a department, agency, board, commission, office, institution of higher education or other instrumentality of the State.

**SECTION 4. MONTHLY REPORT.**

(a) Within 60 days after the effective date of this Act, and monthly thereafter, the Comptroller shall publish a report stating:

(1) each court decision that requires the federal government to pay federal funds to the State or a unit of the State, with the federal agency, the amount owed, the date compliance was due and the docket number;

(2) the amount of delinquent federal funds under each court decision;

(3) the qualified payments the State and its units expect to make to the federal government during the following 12 months, by category and by federal agency; and

(4) the balance of the Holding Account and each withholding and remittance made under this Act.

(b) The Attorney General and each unit of the State shall provide the Comptroller the information the report requires.

**SECTION 5. DETERMINATION OF DELINQUENCY.**

(a) If the federal government does not comply with a court decision upholding congressionally approved spending owed to the State or a unit of the State, the Governor, with the written concurrence of the Attorney General, may determine the federal government to be delinquent in federal funds owed to the State.

(b) The determination shall be in writing, shall identify the court decision, the federal agency, the amount of delinquent federal funds and the date compliance was due, and shall be published by the Comptroller within five days.

(c) The Governor, with the written concurrence of the Attorney General, shall amend or rescind the determination when the federal government complies with the court decision in whole or in part, and the Comptroller shall publish the amendment or rescission within five days.

(d) Delinquent federal funds determined under this section shall be referred to the [central collection unit] for collection under Section 6.

**SECTION 6. COLLECTION.**

(a) On referral under Section 5, the [central collection unit], in consultation with the Attorney General, may:

(1) collect the delinquent federal funds as a debt owed to the State, up to the total amount owed to the State;

(2) record liens on federal property in the State in the amount of the delinquent federal funds, in the manner provided for liens in favor of the State;

(3) direct the Comptroller to withhold qualified payments under Section 7; and

(4) refer the delinquent federal funds to the Attorney General, who may bring an action in any court of competent jurisdiction to recover them.

(b) The amounts collected, liened, withheld and appropriated under this Act shall not in total exceed the amount of delinquent federal funds stated in the determination under Section 5, as amended.

**SECTION 7. WITHHOLDING; FEDERAL FUNDS HOLDING ACCOUNT.**

(a) On direction under Section 6(a)(3), the Comptroller shall withhold qualified payments and shall direct each unit of the State to withhold qualified payments. The Comptroller shall deposit the withheld amounts in the Federal Funds Holding Account, which is established in the [State Treasury] as a custodial account separate from the General Fund.

(b) The total amount withheld shall not exceed the amount of delinquent federal funds stated in the determination under Section 5, as amended. When the balance of the Holding Account attributable to a determination exceeds that amount, the Comptroller shall remit the excess to the federal government within 30 days.

(c) Interest earned on the Holding Account shall be credited to the Holding Account.

(d) The Comptroller shall record each withholding and each remittance in the report under Section 4.

**SECTION 8. RELEASE; APPROPRIATION.**

(a) Within 30 days after the federal government complies with the court decision identified in a determination, the Comptroller shall remit to the federal government the amounts withheld on account of that determination, with the interest earned on them, less amounts expended under Section 9.

(b) If the federal government has not complied with the court decision within [12 months] after the determination, the [Legislature] may appropriate the amounts in the Holding Account attributable to that determination as State funds for the purposes for which Congress appropriated the delinquent federal funds, and the amounts so appropriated shall be credited against the delinquent federal funds owed to the State.

**SECTION 9. INDEMNIFICATION.**

(a) The State shall defend and indemnify each officer, employee, contractor and agent of the State or a unit of the State against any civil claim, penalty, interest or liability arising from compliance with this Act or with a direction under it.

(b) The costs of defense and indemnification under this section, and the costs of actions under Section 6(a)(4), are payable from the Holding Account and, to the extent the Holding Account is insufficient, from the General Fund.

[SECTION 10. JURISDICTION OVER FEDERAL LAND. During any period in which a determination under Section 5 is in effect, the State reserves jurisdiction over land in the State leased or held by the federal agency named in the determination, to the extent consistent with the Constitution of the United States, and no agreement ceding or sharing jurisdiction over that land shall be entered into or renewed during that period.]

**SECTION 11. CONSTRUCTION.**

(a) Nothing in this Act authorizes the withholding of any amount held in trust for the United States under 26 U.S.C. 7501, or relieves any person of a duty under federal law.

(b) This Act shall be construed as an exercise of the State's authority over its own funds and its own officers and as the collection of a debt established by a court decision, and nothing in this Act impairs any remedy otherwise available to the State, including an action against the federal government or a federal officer.

**SECTION 12. SEVERABILITY.**

If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

[SECTION 13. SUNSET. This Act is repealed on January 2, 2037. On repeal, the Comptroller shall remit any balance in the Holding Account attributable to a determination with which the federal government has complied and shall transfer any remaining balance to the General Fund.]

**SECTION 14. EFFECTIVE DATE.**

This Act takes effect [July 1, 2027] [January 1, 2028] [on the 91st day after adjournment sine die] [immediately].

**NOTES ON SOURCES**

Form of the bill. The title states the subject in the "relating to" form, followed by the enacting clause and numbered sections, the form the Kentucky version of the Make Corrupt Politicians Pay Act uses. Internal references stay in the "Section N of this Act" form for the enacting state's drafting office to codify. Bracketed terms are placeholders; bracketed Sections 10 and 13 are optional.

Section 2 (findings). Finding (1) quotes GAO decision B-337203 (Aug. 5, 2025) and GAO's Sept. 29, 2026 letter on the $810 million proposed rescission. Finding (2) rests on four records: the Department of Energy's Dec. 23, 2025 stipulation in City of Saint Paul v. Wright, its July 15, 2026 filing in Thakur v. Trump, Judge Amit Mehta's judgments of Jan. 12 and June 17, 2026 in the District of Columbia, and the Sept. 25, 2026 statement of Sen. Richard Blumenthal and Gov. Ned Lamont that $53 million across 12 grants to eight Connecticut recipients remained unpaid. Finding (3) is the Associated Press review published May 2, 2026. Finding (4) is Chapter 248 of the 2026 Laws of Maryland (Senate Bill 828), Oregon HB 4143 (House third reading Feb. 19, 2026, 35-19), New York A8097 and S6915 (2025), Washington State SB 6218 (2026), Wisconsin AB 345 and SB 353 (2025), New Hampshire SB 602-FN (2026) and Minnesota HF 3612 and SF 3931 (2026). Finding (5) cites Murphy v. NCAA, 584 U.S. 453 (2018), and Printz v. United States, 521 U.S. 898 (1997).

Section 3 (definitions). "Court decision" and "delinquent federal funds" give content to the Maryland trigger, "does not comply with court decisions upholding congressionally approved spending," which Chapter 248 leaves undefined. "Qualified payment" is Oregon's term. Its inclusions are the categories New York's A8097 directs the comptroller to project for the following 12 months. Exclusions (b) and (c) are the two exclusions the Oregon House added by amendment. Exclusion (a) follows the Oregon bill, which excludes payroll taxes, and Maryland's fiscal note, which reads the Maryland act as reaching the state's automatic offset remittances to federal agencies. Striking exclusion (a) produces the New York design, which counts "federal employment taxes withheld by the state on behalf of the federal government" among the payments it would hold. A state that strikes it should also strike Section 11(a) and should weigh 26 U.S.C. 7501, which designates withheld taxes a special fund in trust for the United States, and 26 U.S.C. 7202, which makes willful failure to pay over collected tax a felony. Employees lose

nothing under either design: 26 C.F.R. 1.31-1 credits withheld tax to the employee "even though such tax has not been paid over to the Government by the employer."

Section 4 (monthly report). New York A8097, proposed State Finance Law section 6: a report within 60 days of the effective date, updated monthly, of federal funds owed in contravention of a court decision and of the state's projected payments to the federal government over the next 12 months.

Section 5 (determination). Maryland State Finance and Procurement Article section 10-208: "If the federal government does not comply with court decisions upholding congressionally approved spending, the Board may determine, by a majority vote, the federal government to be delinquent in federal funds owed to the State," with referral to the Central Collection Unit. Maryland vests the determination in its three-member Board of Public Works, which the Governor chairs. Most states have no such board; this Act vests it in the Governor with the Attorney General's written concurrence, following Oregon HB 4143, which requires the Attorney General's consent, and gives the Attorney General the legal finding the determination depends on. Subsection (c) adds the rescission New York's monthly-update design implies.

Section 6 (collection). Maryland section 3-304(a)(5): if the Board determines the federal government delinquent, the Central Collection Unit, in consultation with the Attorney General, may "(I) collect federal funds owed to the State; (II) place liens on federal property in the State; and (III) direct the Comptroller to withhold payments to the federal government," and section 3-302(d) limits collection to the total amount owed to the State. Paragraph (a)(4) adds a referral to the Attorney General, whose office Maryland's fiscal note staffed with six positions because it "expects the federal government to contest all actions taken under the bill." Subsection (b) is New York's cap: "the total amount withheld shall not exceed the amount of federal funds owed to the state in contravention of a court decision."

Section 7 (withholding and holding account). Maryland State Government Article section 4-115: "the Comptroller may withhold State payments to the federal government" for delinquent funds the Central Collection Unit refers. The Federal Funds Holding Account, the remittance of any excess over the amount owed and the interest provision follow Oregon's Federal Moneys Holding Account. New Hampshire's fiscal analysts warned, before the Senate killed SB 602-FN on Feb. 19, 2026, that the federal government's answer to a withholding state is an offset against federal payments to the state; the court-decision trigger in Section 5 and the cap in Sections 6 and 7 are the design answer, since an offset against funds a court has already ordered paid defies the same court a second time.

Section 8 (release and appropriation). Subsection (a) follows Oregon's remittance procedure. Subsection (b) follows New York A8097, under which held funds "may be made available for appropriation as state funds" within the cap, limited here to the purposes for which Congress appropriated the delinquent funds.

Section 9 (indemnification). Oregon HB 4143 requires the state to indemnify those who act for it, its officers and employees among them, for civil claims arising from compliance; the Existentialist Republic's Fiscal Sovereignty and Election Protection Act pays defense and indemnification from the escrowed funds, which Section 9(b) adopts.

Section 10 (jurisdiction over federal land). Maryland General Provisions Article section 6-204 reserves State jurisdiction over federal land, including land leased or held by any federal unit in Maryland, while federal funds are determined delinquent. States' cession and concurrent-jurisdiction statutes differ, so the section is bracketed.

Sections 11 through 14. Section 11(a) states the trust-fund limit that exclusion (a) in Section 3 implies. Section 12 is Maryland's severability clause, Section 2 of Chapter 248. Section 13 is Oregon's sunset, January 2, 2037, with remaining funds to the General Fund. Maryland took effect July 1, 2026; Oregon's measure would have taken effect on the 91st day after adjournment; New York's takes effect immediately.