Department of Legislative Services

Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 352 (The Speaker)(By Request - Administration)
Appropriations

Budget Reconciliation and Financing Act of 2024

This Administration bill executes actions to increase revenues, provide mandate relief, contain costs, use special funds in place of general funds, and reduce future year general fund expenditures. **The bill takes effect June 1, 2024.**

Fiscal Summary

State Effect: General fund revenues increase by $4.2 million in FY 2024 and $338.9 million in FY 2025. General fund expenditures decrease by $2.5 million in FY 2024 and $657.8 million in FY 2025. Special fund revenues decrease by $2.0 million in FY 2024 and $504.8 million in FY 2025. Special fund expenditures increase by $2.4 million in FY 2024 and decrease by $15.5 million in FY 2025. Federal fund expenditures increase beginning in FY 2027. Future years reflect the ongoing effects of the bill. **This bill affects existing mandated appropriations.**

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GF Revenue	$4.2	$338.9	$194.3	$41.2	$41.3
SF Revenue	($2.0)	($504.8)	($90.7)	($31.5)	($88.1)
GF Expenditure	($2.5)	($657.8)	($114.2)	($104.9)	($107.7)
SF Expenditure	$2.4	($15.5)	($18.7)	($38.5)	($95.2)
FF Expenditure	$0	$0	$0	$0.2	$0.2
Net Effect	$2.3	$507.4	$236.5	$152.9	$156.0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local finances are generally affected beginning in FY 2025, as discussed below.

Small Business Effect: The Administration has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment, as discussed below.

Analysis

Bill Summary: A brief overview of the bill's provisions is provided below. In general, the bill's actions increase revenues, provide mandate relief, contain costs, swap or transfer funds, and reduce future year general fund expenditures, in addition to various administrative and other actions.

Mandate Relief

- Authorizes, beginning in fiscal 2025, instead of requires, the Governor to provide $150,000 for the University of Maryland Extension and $100,000 for the Maryland Department of Agriculture for specified personnel.
- Eliminates, beginning in fiscal 2025, the mandate to provide general funds for specified costs and investigations of the Office of the Attorney General, Consumer Protection Division, and instead authorizes special funds to be used for the same purpose.
- Repeals the requirement that the Governor provide at least $10.0 million to the School Construction Revolving Loan Fund in fiscal 2025 and 2026 and instead authorizes the Governor to allocate at least $10.0 million to the program with either general funds or general obligation bonds in fiscal 2026 and 2027.
- Alters, beginning in fiscal 2025, the calculation for the Senator John A. Cade Funding Formula for the distribution of funds to local community colleges.
- Alters, beginning in fiscal 2025, the calculation for apportionment to qualifying institutions for funding under the Joeseph A. Sellinger Program for private institutions of higher education to be based on the full-time equivalent *undergraduate* student enrollment at the institutions.
- Alters, beginning in fiscal 2025, the mandate for the Business Façade Improvement Program to allow the use of general obligation bonds to meet the $5.0 million funding requirement.
- Suspends, for fiscal 2025 only, the requirement that the Governor provide at least $1,794,000 in general funds for the Fisheries Research and Development Fund.
- Reduces, beginning in fiscal 2025, the level of annual funding that the Governor must provide to the Mel Noland Woodland Incentives and Fellowship Fund from $1.0 million to $500,000.
- Reduces, for both fiscal 2025 and 2026, the amount that the Governor must provide for warrants and absconding grants administered by the Governor's Office of Crime Prevention and Policy from $2.0 million to $1.0 million.
- Repeals the requirement that the Governor provide printed copies of annual budget books.

- Suspends, for fiscal 2025 only, the requirement that the Governor appropriate a portion of general fund surplus to the Postretirement Health Benefits Trust Fund.
- Suspends, for fiscal 2025 only, the requirement that the Governor appropriate general fund surplus to the Revenue Stabilization Account (Rainy Day Fund).
- Suspends, for fiscal 2025 only, the requirement that the Governor appropriate a portion of general fund surplus to the State Retirement and Pension System.
- Reduces, for fiscal 2025 only, the mandated appropriation for state of good repair needs from revenues available in the Transportation Trust Fund from at least $450.0 million to at least $439,013,282.
- Advances the eventual reduction in the rate used to calculate the amount for Highway User Revenue (HUR) grants to local governments from applying beginning in fiscal 2028 to applying beginning in fiscal 2026.
- Repeals the requirement that the Governor fund the Maryland Public Broadcasting Commission at specified levels.

Revenue Actions, Fund Transfers and Swaps, Cost Shifts, and Cost Containment

- Expands the authorized uses of Blueprint for Maryland's Future funding for the Maryland Consortium on Coordinated Community Supports within the Maryland Community Health Resources Commission to include school-based behavioral health services and related reimbursements.
- Removes a prohibition against the Maryland State Department of Education directly implementing an enrollment freeze for the Child Care Scholarship Program.
- Removes a prohibition against the Developmental Disabilities Administration within the Maryland Department of Health (MDH) establishing a limit on the maximum dollar amount provided to recipients for individual-directed and family-directed goods and services under the Community Services Program.
- Uses funds from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to satisfy the requirement that the Governor provide $2.5 million annually for tree plantings on public and private land for fiscal 2025 through 2031.
- Alters the maximum amount of projected nonwithholding income tax revenue that must, under certain circumstances, be subtracted from the projected general fund revenue estimate each year to cap the amount at $100.0 million in fiscal 2025 and 2026.
- Redirects interest earned on special funds of the State to the general fund for fiscal 2024 through 2028 only, with specified exceptions.
- Reduces lottery agent sales commissions from 6% to 5.5% of gross lottery sales and reduces the prize ticket cashing commission from 3% to 2%.
- Repeals the small business relief tax credit.

- Authorizes the Governor to transfer, to the general fund, $40.0 million from the balance of the reserve account that was established by the State to pay for unemployment benefits for State employees, by June 30, 2025.
- Authorizes the Governor to transfer, to the general fund, $5.75 million from the balance of the Resilient Maryland Revolving Loan Fund, by June 30, 2025.
- Authorizes the Governor to transfer, to the general fund, $5.0 million from the balance in the Maryland Pediatric Cancer Fund, by June 30, 2025.
- Authorizes the transfer of a total of $3,014,086 in special funds from the fund balances of three health professional licensing boards, as specified, to the MDH Behavioral Health Administration, by June 30, 2025.
- Authorizes the Governor to transfer $216,845 from the Health Information Exchange Fund to the Medical Care Programs Administration to support information technology activities, by June 30, 2025.
- Authorizes the Governor to transfer, to the general fund, $193,830,236, as specified, from the Dedicated Purpose Account, by June 30, 2025.

Administrative and Other Actions

- Alters the requirement that the Maryland Transit Administration (MTA) procure only zero-emission buses (ZEBs) to support its transit fleet and instead requires MTA to ensure that at least 25% of annual bus procurements are ZEBs, beginning in fiscal 2025. Also authorizes MTA to procure additional clean diesel buses if sufficient ZEBs to meet the requirement are not commercially available.
- Eliminates the requirement for motorists to display and the Motor Vehicle Administration to provide registration stickers for license plates.
- Authorizes the transfer of $90.0 million from the balance in the Strategic Energy Investment Fund to the Dedicated Purpose Account, by June 30, 2025; requires that at least 50% of funds transferred support programs serving low- to moderate-income communities, as specified; and authorizes the use of funds transferred to help implement the Climate Solutions Act of 2022 and Maryland's Climate Pollution Reduction Plan.

Current Law: The Maryland Constitution requires the Governor to submit, and the General Assembly to pass, a balanced budget. Generally, the General Assembly cannot add more spending to the budget introduced by the Governor, nor can general funds be used to restore reductions made by the General Assembly after adoption of the budget, except through an approved deficiency appropriation in the following year's budget.

Beginning with the 2023 session (fiscal 2024 budget bill), the General Assembly may amend the budget to increase appropriations made by the Governor as well as add items to appropriations for Executive Branch agencies if the total appropriation for the

Executive Branch does not exceed the total proposed appropriation submitted by the Governor. Prior to the 2023 session, the legislature could only add or increase funding for the General Assembly and the Judiciary.

Background: In December 2023, the Spending Affordability Committee recommended that the fiscal 2025 budget leave a closing general fund balance of at least $100.0 million. The committee also recommended maintaining a Rainy Day Fund balance of at least 8.5% of estimated general fund revenues. The fiscal 2025 budget as introduced leaves an $103 million balance in the general fund and maintains the Rainy Day Fund balance at 9.4% of general fund revenues ($2.3 billion). Combined cash balances at the end of fiscal 2025 of $2.4 billion represent approximately 9.8% of general fund revenues.

State Fiscal Effect: Estimates of the fiscal 2024 and 2025 impact of the bill on the State general fund, totaling more than $1.0 billion, are shown in **Exhibit 1**.

Exhibit 1
General Fund Impact of the Budget Reconciliation and Financing Act of 2024
Fiscal 2024 and 2025
($ in Millions)

	FY 2024	FY 2025
Revenues		
Mandate Relief	$0.0	$0.0
Other Actions	4.2	338.9
Revenue Subtotal	***$4.2***	***$338.9***
Expenditures		
Mandate Relief	$0.0	($652.1)
Other Actions	(2.5)	(5.7)
Expenditure Subtotal	***($2.5)***	***($657.8)***
General Fund Improvement	**$6.7**	**$996.7**

Note: Numbers may not sum to total due to rounding.

Source: Department of Legislative Services

A discussion of each provision in the bill is provided in **Appendix A** (beginning on page 8). The fiscal 2024 through 2029 State effects for each provision, including the general fund impacts, the effects on other fund types, and other related information, such as any effects on local governments, are included with the discussions. **Appendix B** (beginning on page 58) identifies the fiscal impact of separate provisions by fund type.

Local Fiscal Effect: The impacts on local jurisdictions are included in the discussion of each provision in Appendix A. For example, direct State aid for community colleges is reduced in fiscal 2025 and future years due to altering the formula for annual growth, which can be seen on page 15. Transportation aid to counties and municipalities decreases by $98.7 million in fiscal 2026 and by $100.6 million in fiscal 2027 due to advancing the eventual reduction in the rate used to calculate the amount for HUR grants to local governments from applying beginning in fiscal 2028 to applying beginning in fiscal 2026, which can be seen on page 31.

Other impacts include local revenues potentially decreasing in fiscal 2025 from a delay in funds to the School Construction Revolving Loan Fund; local education agency revenues potentially increasing through consortium support for behavioral health services provided in schools; a potential reduction in financial assistance provided to forest conservancy district boards provided through the Mel Noland Woodland Incentives and Fellowship Fund; funding for local projects from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund may decrease as a result of diverted funds; local government grant revenues and expenditures associated with the warrants and absconding grants decrease by $1.0 million in fiscal 2025 and 2026; and less funding from the Resilient Maryland Revolving Loan Fund is available for local resilience projects to address hazard mitigation.

Small Business Effect: DLS advises that, generally, small businesses are not affected by the provisions in the bill, with the exceptions of repealing the small business relief tax credit and reducing the compensation of lottery retailers (as also recognized by the Administration in its statement of impact). Small businesses with 14 or fewer employees that provide paid sick and safe leave to qualified employees may no longer receive up to $500 in tax credits per eligible employee.

Approximately 4,350 licensed lottery agents, approximately 70% of which are small businesses, receive less compensation due to reducing lottery agent sales commissions from 6.0% to 5.5% of gross lottery sales and reducing the prize ticket cashing commission from 3% to 2%. On average, a licensed lottery agent’s sales compensation decreases by approximately $500 in fiscal 2024 and by approximately $6,300 annually beginning in fiscal 2025.

Additional Information

Recent Prior Introductions: Budget Reconciliation and Financing Acts have been introduced within the last three years. See SB 183 and HB 202 of 2023 and SB 493 and HB 589 of 2021.

Designated Cross File: SB 362 (The President)(By Request - Administration) - Budget and Taxation.

Information Source(s): Maryland Association of Counties; Maryland Department of Emergency Management; Office of the Attorney General (Consumer Protection Division); Comptroller's Office; Governor's Office of Crime Prevention and Policy; Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); Maryland State Department of Education; University System of Maryland; St. Mary's College of Maryland; Maryland Independent College and University Association; Interagency Commission on School Construction; Maryland Department of Agriculture; Department of Budget and Management; Maryland Department of the Environment; Maryland Department of Health; Department of Housing and Community Development; Maryland Department of Labor; Military Department; Department of Natural Resources; Maryland Department of Transportation; Maryland State Archives; Maryland Energy Administration; Maryland Health Benefit Exchange; Maryland State Lottery and Gaming Control Agency; Public Service Commission; State Retirement Agency; Maryland Stadium Authority; Subsequent Injury Fund; Uninsured Employers' Fund; Department of Legislative Services

Fiscal Note History: First Reader - February 26, 2024
rh/ljm

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Appendix A – Contents

Mandate Relief

Revenue Actions, Fund Transfers and Swaps, Cost Shifts, and Cost Control

Administrative and Other Items

Eliminate Mandate for the Maryland Native Plants Program

Provision in the Bill: Repeals the funding mandate for the Maryland Native Plants Program and instead authorizes the Governor to provide $150,000 for the University of Maryland Extension (UME) to hire one extension agent as a native plant specialist and $100,000 for the Maryland Department of Agriculture (MDA) to hire one staff to administer the Maryland Native Plants Program. The fiscal 2025 budget as introduced includes a $100,000 general fund reduction, contingent on legislation eliminating the program's funding mandate.

Agency: UME at University of Maryland Eastern Shore; MDA

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($0.1)	($0.3)	($0.3)	($0.3)	($0.3)

State Effect: General fund expenditures for MDA decrease by $100,000 in fiscal 2025 due to repealing the mandate. Although the provision also repeals the $150,000 mandate for an extension agent at UME, the fiscal 2025 budget as introduced includes funding for this purpose. To the extent that the now-discretionary funding is not provided beginning in fiscal 2026, general fund expenditures decrease annually by as much as a combined $250,000.

Local Effect: None.

Program Description: Chapters 489 and 490 of 2023 established the Maryland Native Plants Program to (1) respond to the increasing demand for, use of, and sale of native plants by retail garden centers, retail nurseries, and wholesale nurseries and (2) educate the public, landscapers, and other plant users on the importance, benefit, and availability of native plants. MDA must administer the program, while UME must administer the educational components of the program in coordination with MDA and other agencies. The Governor must include in the annual budget bill an appropriation of $150,000 for UME to hire one extension agent as a native plant specialist and $100,000 for MDA to hire staff to administer the program.

MDA hired a marketing specialist in July 2023 and plans to develop a list of growers and retailers using data from MDA, the Maryland Native Plant Society, and other organizations. An advisory board has been convened to make decisions on the certification and marketing program. The board consists of government agencies (MDA, Department of Natural Resources, and UME), as well as nonprofits, and private businesses. MDA advises that the department will not hire staff to implement the program, absent the mandated funding, although the program will still exist.

Recent History: Chapters 489 and 490 of 2023 established the program.

Location of Provision in the Bill: Section 1 (p. 5)

Analysis prepared by: Andrew D. Gray

Eliminate Mandate for the Consumer Protection Division

Provisions in the Bill: Repeal, beginning in fiscal 2025, the requirement that the Governor provide at least $700,000 in general funds for specified costs and investigations of the Office of the Attorney General (OAG), Consumer Protection Division (CPD), and instead authorize, beginning in fiscal 2025, the use of special funds for this purpose. No specific special fund is identified as the source for the special fund authorization going forward. The fiscal 2025 budget as introduced includes a $700,000 general fund reduction, contingent on the enactment of legislation eliminating the mandate.

Agency: OAG

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($0.7)	($0.7)	($0.7)	($0.7)	($0.7)
SF Exp	$0	$0.7	$0.7	$0.7	$0.7	$0.7

State Effect: General fund expenditures for OAG decrease by $700,000 beginning in fiscal 2025. Special fund expenditures likely increase correspondingly due to the authorization to fund these activities with special funds. The Department of Legislative Services notes that, while a specific source of special funds is not identified, the Consumer Protection Division Recoveries Fund has sufficient resources to cover the expenses.

Local Effect: None.

Program Description: CPD assists residents by providing mediation and arbitration service to consumers to help resolve complaints against businesses and health insurance carriers, registers homebuilders and health clubs, and enforces consumer laws against businesses engaging in unfair or deceptive trade practices. The Consumer Protection Division Recoveries Fund receives certain revenues from cases handled by CPD. It is established as part of the Maryland Consumer Protection Act. The fund is used for funding operational expenses including personnel within CPD. In fiscal 2025, the fund is expected to have a starting balance of $14.8 million; revenues are anticipated to be $17.7 million, with expenditures of $12.0 million, resulting in a closing fund balance of $20.5 million.

Recent History: None

Location of Provisions in the Bill: Section 1 (pp. 5-6)

Analysis prepared by: Jacob L. Pollicove

Eliminate Mandate for the School Construction Revolving Loan Fund

Provisions in the Bill: Delay the third and fourth years of capitalization of the School Construction Revolving Loan Fund, by repealing the requirement that the Governor provide at least $10.0 million to the fund in fiscal 2025 and 2026 and instead authorizing the Governor to allocate at least $10.0 million to the fund in either the operating or capital budget in fiscal 2026 and 2027. The fiscal 2025 budget as introduced includes a $10.0 million general fund reduction, contingent on the enactment of legislation removing the mandate.

Agency: Interagency Commission on School Construction

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF PAYGO Exp	$0	($10.0)	($10.0)	$0	$0	$0

State Effect: General fund pay-as-you-go (PAYGO) expenditures (in the operating budget) decrease by $10.0 million in both fiscal 2025 and 2026. While the Governor has the option as to whether and how to fund the program in fiscal 2026 and 2027, the 2024 *Capital Improvement Program* includes $10.0 million of general obligation (GO) bonds programmed for both fiscal 2026 and 2027 to support the fund. Providing funding through GO bonds in the capital budget does not affect overall State expenditures but does reallocate funding from other capital projects.

Local Effect: Local governments may access this funding to cover their local share of school construction project costs. To the extent local governments intended to use these funds, then local revenues may decrease as a result of this reduction. However, particularly since funding is still available from prior year allocations and the affected funding is expected to be made up through the capital budget, local governments are not likely affected.

Program Description: The School Construction Revolving Loan Fund provides loans to local governments to assist them in funding the local share of school construction projects. The fund is administered by the Interagency Commission on School Construction and may be used only to provide low- or no-interest loans to local governments.

Recent History: Chapter 14 of 2018, the 21st Century School Facilities Act, established the fund. However, funding was not provided until mandated by Chapter 32 of 2022, which required the Governor to allocate at least $40.0 million in fiscal 2023, $20.0 million in fiscal 2024, and $10.0 million in each of fiscal 2025 and 2026. To date, none of the appropriated PAYGO funds have been utilized.

Location of Provisions in the Bill: Section 1 (p. 6)

Analysis prepared by: Laura H. Hyde

Alter the Senator John A. Cade Funding Formula for Local Community College Aid

Provisions in the Bill: Alter the calculation for the Senator John A. Cade Funding Formula for the distribution of funds to community colleges, beginning in fiscal 2025, to (1) reduce the statutory funding level from 29.0% to 26.5% of the State funding per full-time equivalent student (FTES) at the selected public four year institutions; (2) remove the hold harmless provision; (3) remove fixed costs as part of the calculation of the formula; and (4) alter the community college FTES count to be either the greater of the second preceding year or the average of three preceding years, beginning with the second preceding year. The fiscal 2025 budget as introduced includes a $22.6 million general fund reduction, contingent on the enactment of legislation altering the formula.

Agency: Maryland Higher Education Commission

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($22.6)	($27.2)	($28.8)	($29.3)	($30.2)

State Effect: General fund expenditures for Cade formula funding decrease by $22.6 million in fiscal 2025 due to altering the formula. Out-year expenditures reflect changes in the estimated State funding per FTES and projected enrollment changes.

Local Effect: Direct State aid for local community colleges decreases by $22.6 million in fiscal 2025, $27.2 million in fiscal 2026, $28.8 million in fiscal 2027, $29.3 million in fiscal 2028, and $30.2 million in fiscal 2029. **Exhibit 1** shows the fiscal 2025 effect on each local community college.

Exhibit 1
Aid for Local Community Colleges
Under the Senator John A. Cade Funding Formula
Fiscal 2025

	Current Law Distribution	BRFA Distribution	Change In Dollars	Change As a %
Allegany College of Maryland	$8,620,598	$7,963,848	($656,750)	-7.6%
Anne Arundel Community College	43,763,073	41,821,380	(1,941,693)	-4.4%
Community College of Baltimore County	71,703,077	67,174,349	(4,528,728)	-6.3%
Carroll Community College	12,751,854	11,621,051	(1,130,803)	-8.9%
Cecil College	8,127,775	7,055,717	(1,072,058)	-13.2%
College of Southern Maryland	21,416,280	20,098,354	(1,317,926)	-6.2%
Chesapeake College	9,867,824	8,773,061	(1,094,763)	-11.1%
Frederick Community Colleges	20,280,008	20,209,612	(70,396)	-0.3%
Garrett College	4,324,485	3,415,930	(908,555)	-21.0%
Hagerstown Community College	15,222,549	14,043,320	(1,179,229)	-7.7%
Harford Community College	18,477,775	17,582,140	(895,635)	-4.8%
Howard Community College	33,622,303	32,199,749	(1,422,554)	-4.2%
Montgomery College	71,092,972	68,090,586	(3,002,386)	-4.2%
Prince George's Community College	45,922,277	43,894,903	(2,027,374)	-4.4%
Wor-Wic Community College	12,278,064	10,913,648	(1,364,416)	-11.1%
Total	**$397,470,914**	**$374,857,648**	**($22,613,266)**	**-5.7%**

BRFA: Budget Reconciliation and Financing Act

Note: The contingent reduction of $22,644,092 in the budget bill, which is effectuated if this bill passes, reflects both the $22,613,266 change reflected above as well as a $30,826 reduction in a reciprocity grant.

Source: Department of Legislative Services

Program Description: The Cade funding formula makes up the majority of State funding for the 15 locally operated community colleges in the State. The total funds to be distributed through the formula are based on a percentage of the State's funding per FTES for selected public four-year institutions of higher education. This per FTES amount is multiplied by total community college enrollment from the second prior year to arrive at the total formula amount for the colleges. Each college's share of the total is then based primarily on its proportion of formula funding from the prior year and enrollment. Under current law, the mandated percentage of per FTES funding for the Cade funding formula is 29%. **Exhibit 2** provides a comparison of calculation of the formula under current law to that under the bill. The proposed funding formula is more closely tied to enrollment changes.

Exhibit 2
Comparison of Current Law and Proposed Formula Changes

	Current Cade Formula	BRFA Formula
Hold Harmless Provision	Yes	No
Statutory Level of Funding	29.0%	26.5%
FTES	2 years prior FTES	**Greater of**: 2 years prior FTES or average of 2 years prior, 3 years prior, and 4 years prior FTES
Fixed Component	38%	0%
Marginal Cost	60%	100%
Size Factor	2%	2%

BRFA: Budget Reconciliation and Financing Act
FTES: full-time equivalent student

Source: Department of Legislative Services

Recent History: In July 2020, the Board of Public Works reduced fiscal 2021 Cade formula funding by $36.4 million to level fund it at the fiscal 2020 appropriation ($249.7 million). The formula reached the 29.0% statutory maximum in fiscal 2023.

Location of Provisions in the Bill: Section 1 (pp. 9-17)

Analysis prepared by: Kelly K. Norton

Alter the Joseph A. Sellinger Program Funding Formula

Provision in the Bill: Alters the calculation for apportionment of funding to qualifying institutions under the Joseph A. Sellinger Program beginning in fiscal 2025 to be based on the full-time equivalent *undergraduate* student enrollment at the institutions. The fiscal 2025 budget as introduced includes a reduction of $63,811,002, contingent on the enactment of legislation to reduce the grant to private colleges and universities.

Agency: Maryland Higher Education Commission

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($63.8)	($66.8)	($68.5)	($70.3)	($72.4)

State Effect: General fund expenditures for the Sellinger program decrease by $63.8 million in fiscal 2025 due to altering the count of eligible full-time equivalent students (FTES) to be based only on undergraduate students. Out-year expenditures reflect anticipated changes in the State funding per FTES at the selected public four-year institutions and changes in estimated enrollment at the private colleges and universities.

Local Effect: None.

Program Description: The Joseph A. Sellinger Program provides State funding to 13 qualifying nonprofit independent colleges and universities. The formula for the Sellinger program uses a percentage of the State's per FTES funding for selected public four-year institutions of higher education to determine a per FTES funding amount for the independent institutions. Under current law, the mandated Sellinger percentage of per FTES funding at the four-year institutions is 15.5% for fiscal 2022 and annually thereafter. This figure is then multiplied by the two-year prior FTES enrollment at each of the qualifying institutions to determine the allocation of Sellinger funds. The impact of the altering the formula by institution is shown in **Exhibit 1**.

Exhibit 1
Comparison of Funding Distribution by Enrollment
Under the Joseph A. Sellinger Program
Fiscal 2025

Institution	Current Law Distribution	BRFA Distribution	Change In Dollars	Change As a %
The Johns Hopkins University	$72,880,791	$19,056,308	-$53,824,483	-73.9%
Loyola College	14,104,042	12,341,425	-1,762,616	-12.5%
Stevenson University	9,489,502	8,543,209	-946,293	-10.0%
McDaniel College	7,148,909	5,783,477	-1,365,431	-19.1%
Maryland Institute College of Art	5,091,657	3,975,565	-1,116,092	-21.9%
Mount St. Mary's College	5,928,938	5,362,648	-566,290	-9.6%
Goucher College	3,512,339	2,980,081	-532,258	-15.2%
Washington College	2,917,663	2,904,588	-13,075	-0.4%
Hood College	4,514,285	3,527,558	-986,727	-21.9%
Notre Dame of Maryland University	3,327,440	1,804,893	-1,522,548	-45.8%
Washington Adventist University	1,519,015	1,445,243	-73,772	-4.9%
St. John's College	1,961,828	1,644,938	-316,890	-16.2%
Capitol Technology University	1,508,657	724,131	-784,526	-52.0%
Total	**$133,905,065**	**$70,094,063**	**-$63,811,002**	**-47.7%**

Note: Numbers may not sum to total due to rounding.

Source: Department of Budget and Management; Department of Legislative Services

Recent History: The Budget Reconciliation and Financing Act of 2020 reduced the level of general funds for the Sellinger program in fiscal 2021 to $69,624,905 and specified that funds be allocated based on each institution's proportion of FTES in the fall semester of fiscal 2020 at all the qualifying institutions.

Location of Provision in the Bill: Section 1 (pp. 17-19)

Analysis prepared by: Sara J. Baker

Alter Mandate for the Business Façade Improvement Program to Allow Use of General Obligation Bonds

Provision in the Bill: Authorizes the Governor to meet the requirement to provide $5.0 million for the Business Façade Improvement Program in either the operating or capital budget, rather than only the operating budget, beginning in fiscal 2025. The fiscal 2025 budget as introduced includes a $5.0 million reduction in pay-as-you-go (PAYGO) general funds, contingent on the enactment of legislation altering the mandate. The fiscal 2025 capital budget includes $5.0 million in general obligation (GO) bond funding for the program.

Agency: Department of Housing and Community Development (DHCD)

Type of Action: Mandate relief

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
PAYGO GF Exp	$0	($5.0)	($5.0)	($5.0)	($5.0)	($5.0)

State Effect: PAYGO general fund expenditures decrease by $5.0 million in fiscal 2025 and in any year in which the Governor chooses to fund the program with GO bond funds. GO bond funding for the program increases correspondingly. The 2024 *Capital Improvement Program* also reflects $5.0 million in GO bonds annually for fiscal 2026 through 2029. Providing funding through GO bonds does not affect overall State expenditures but does reallocate funding from other capital projects.

Local Effect: None.

Program Description: Chapter 437 of 2023 established the Business Façade Improvement Program in DHCD to assist qualified businesses with improving the outside appearance of the businesses' buildings and facilities. The fiscal 2024 capital budget included $1.5 million in GO bond funding for the program.

Location of Provision in the Bill: Section 1 (p. 20)

Analysis prepared by: Emily R. Haskel

Suspend Mandate for the Fisheries Research and Development Fund in Fiscal 2025 Only

Provision in the Bill: Repeals, for fiscal 2025 only, the requirement that the Governor provide at least $1,794,000 in general funds for the Fisheries Research and Development Fund. The fiscal 2025 budget as introduced includes a $1,794,000 general fund reduction, contingent on the enactment of legislation eliminating the mandated appropriation (for the year).

Agency: Department of Natural Resources (DNR)

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	($1.8)	$0	$0	$0	$0
GF Exp	$0	($1.8)	$0	$0	$0	$0

State Effect: General fund expenditures decrease by $1.8 million in fiscal 2025. Special fund revenues decrease correspondingly. Although, typically, special fund expenditures would be expected to decrease as well, special fund expenditures are unaffected due to the use of available fund balance to cover expenses in fiscal 2025.

Local Effect: None.

Program Description: The primary purpose of the Fisheries Research and Development Fund is to support the management of fisheries. Revenues for the fund primarily come from the sale of commercial and recreational fishing licenses. Accounting for this provision, the fund is estimated to have a fiscal 2025 closing balance of $5.8 million.

The Fishing and Boating Services program is responsible for fisheries resources, including the regulation of recreational and commercial fishing activities, among other activities. The Fisheries Research and Development Fund comprises the largest portion of the fiscal 2025 special fund appropriation for the DNR Fishing and Boating Services program, reflecting $8.0 million out of a total special fund appropriation of $19.6 million.

Recent History: Chapter 6 of the 2007 special session changed the Motor Fuel Tax revenue distribution and replaced a distribution to the Fisheries Research and Development Fund with a mandated general fund appropriation of at least $1,794,000 annually, beginning in fiscal 2009. Chapter 150 of 2021 (Budget Reconciliation and Financing Act of 2021) repealed the mandate for fiscal 2022 only.

Location of Provision in the Bill: Section 1 (p. 21)

Analysis prepared by: Andrew D. Gray

Reduce Mandate for the Mel Noland Woodland Incentives and Fellowship Fund

Provision: Reduces the level of annual funding that the Governor must provide to the Mel Noland Woodland Incentives and Fellowship Fund from $1.0 million to $500,000 beginning in fiscal 2025. The fiscal 2025 budget as introduced includes a $500,000 general fund reduction, contingent on the enactment of legislation reducing the mandate.

Agency: Department of Natural Resources (DNR)

Type of Action: Mandate relief

Fiscal Impact: *($ in millions)*	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)
GF Exp	$0	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)
SF Exp	$0	($0.5)	($0.5)	($0.5)	($0.5)	($0.5)

State Effect: General fund expenditures decrease by $0.5 million annually beginning in fiscal 2025. Special fund revenues and expenditures decrease correspondingly.

Local Effect: There is a potential reduction in financial assistance provided to forest conservancy district boards provided through the fund.

Program Description: The Mel Noland Woodland Incentives and Fellowship Fund supports a variety of forest-related programs. Among other things, fund revenues must be used to (1) provide cost-share assistance to private forest land owners for tree planting, site preparation, and timber stand improvement; (2) provide annual grants to forest conservancy district boards; (3) establish a forest health emergency contingency program; (4) provide financial assistance for the administration of an urban and community forestry program; and (5) provide stipends to Mel Noland Fellowship Program fellows and offset the cost of administering the Mel Noland Fellowship Program.

Fund revenue sources include (1) up to $200,000 annually in agricultural land transfer tax revenue from woodland areas; (2) DNR charges imposed for assisting with implementation of approved practices; (3) money distributed from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund; (4) revenues derived from forestry practices on certain DNR lands, subject to specified approval; and (5) a mandated annual appropriation of $1.0 million.

Recent History: Chapter 39 of 2022 increased the appropriation that the Governor is required to include in the annual budget bill for the fund from $50,000 to $1.0 million beginning in fiscal 2024, an increase of $950,000.

Location of Provision in the Bill: Section 1 (p. 21)

Analysis prepared by: Andrew D. Gray

Reduce Mandate for Warrants and Absconding Grants

Provision in the Bill: Reduces the amount that the Governor must provide for warrants and absconding grants administered by the Governor's Office of Crime Prevention and Policy (GOCPP) from $2.0 million to $1.0 million in both fiscal 2025 and 2026. The fiscal 2025 budget as introduced includes a $1.0 million general fund reduction, contingent on the enactment of legislation reducing the mandate.

Agency: GOCPP

Type of Action: Mandate relief

Fiscal Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
			($ in millions)			
GF Exp	$0	($1.0)	($1.0)	$0	$0	$0

State Effect: General fund expenditures for GOCPP decrease by $1.0 million in fiscal 2025 and 2026.

Local Effect: Local government grant revenues and expenditures associated with the grant decrease by $1.0 million in fiscal 2025 and 2026.

Program Description/Recent History: Chapter 174 of 2022 established a mandated appropriation of $2.0 million in fiscal 2024 through 2026 for warrant apprehension activities in local law enforcement agencies (LEOs). GOCPP administers the funds to local LEOs.

Location of Provision in the Bill: Section 1 (p. 22)

Analysis prepared by: Madelyn C. Miller

Eliminate Requirement to Print Budget Books

Provision in the Bill: Repeals the requirement that the Governor provide printed copies of annual budget books. The fiscal 2025 budget as introduced includes a $40,000 general fund reduction, contingent on the enactment of legislation eliminating this requirement.

Agency: Department of Budget and Management (DBM)

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($0.04)	($0.04)	($0.04)	($0.04)	($0.04)

State Effect: General fund expenditures for DBM decrease by $40,000 annually beginning in fiscal 2025.

Local Effect: None.

Program Description: On submission of the budget bill, the Governor is required to provide supporting material as specified in printed budget books and on DBM's website.

Recent History: The Budget Reconciliation and Financing Act of 2020 (Chapter 538) required that information in the budget books be provided on DBM's website simultaneously with the submission of the annual State budget.

Location of Provision in the Bill: Section 1 (p. 24)

Analysis prepared by: Jacob C. Cash

Suspend Other Postemployment Benefits Payment in Fiscal 2025 Only

Provision in the Bill: Suspends, for fiscal 2025 only, the requirement that the Governor include an appropriation to the Postretirement Health Benefits (better known as OPEB) Trust Fund equal to one-quarter of the amount by which the unappropriated general fund surplus exceeds $10.0 million in the second preceding fiscal year, up to a maximum of $25.0 million. The fiscal 2025 budget as introduced includes a $25.0 million general fund reduction to the Dedicated Purpose Account, contingent on the enactment of legislation that eliminates the fiscal 2025 payment for OPEB.

Agency: State Retirement Agency; Department of Budget and Management

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	($25.0)	$0	$0	$0	$0
GF Exp	$0	($25.0)	$0	$0	$0	$0

State Effect: General fund expenditures decrease by $25.0 million in fiscal 2025 because the Governor is no longer required to allocate the funds from the general fund surplus to the OPEB trust fund in that year. Special fund revenues for the trust fund decrease correspondingly. As the State does not prefund OPEB costs, there is no out-year effect resulting from the missed payment to the OPEB trust fund.

Local Effect: None.

Program Description: The Budget Reconciliation and Financing Act of 2015 (Chapter 489) required that, for fiscal 2017 through 2020, an amount equal to one-half of the unappropriated general fund surplus in excess of $10.0 million from the second prior fiscal year be paid to the State Retirement and Pension System (SRPS) trust fund, up to a maximum of $50.0 million annually. Chapter 557 of 2017 required that the payments continue indefinitely beyond fiscal 2020, but also required that, beginning in fiscal 2021, they be evenly divided between the SRPS trust fund and the OPEB trust fund, up to the same combined total of $50.0 million.

Chapter 466 of 2004 created the OPEB trust fund to provide a vehicle for the State to prefund future costs associated with providing health coverage to State retirees. The State made contributions to the OPEB trust fund in fiscal 2007, 2008, 2009, and 2022. The State continues to fund retiree health benefits on a pay-as-you-go basis. As of June 30, 2023, the market value of assets in the fund was $463.2 million.

Recent History: While the general fund surplus has exceeded the threshold requiring a contribution to the OPEB trust fund in each year since fiscal 2017, successive budget reconciliation legislation repealed the required payments in fiscal 2018, 2019, 2020, and 2021.

Location of Provision in the Bill: Section 1 (pp. 24-25)

Analysis prepared by: Jason A. Kramer

Suspend Requirement to Appropriate Surplus to the Revenue Stabilization Account in Fiscal 2025 Only

Provision in the Bill: Suspends, for fiscal 2025 only, the requirement that the Governor appropriate general fund surplus to the Revenue Stabilization Account (Rainy Day Fund). The fiscal 2025 budget as introduced includes a reduction of $495,497,068, contingent on the enactment of legislation suspending the required contribution.

Agency: State Reserve Fund

Type of Action: Mandate relief

Fiscal Impact:			*($ in millions)*			
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	($495.5)	$0	$0	$0	$0
GF Exp	$0	($495.5)	$0	$0	$0	$0

State Effect: General fund expenditures decrease by $495.5 million in fiscal 2025 only and special fund revenues for the Rainy Day Fund decrease by a corresponding amount.

Local Effect: None.

Program Description: The Rainy Day Fund was established to retain State revenues to meet future short-term funding needs and to reduce the need for future tax increases by moderating revenue growth. If there is a surplus above $10.0 million, the first $100.0 million of unappropriated revenues two years after the close of each fiscal year must be appropriated to the Rainy Day Fund (receiving 50%), State Retirement and Pension System (receiving 25%, up to a maximum of $25.0 million), and Postretirement Health Benefits Trust Fund (receiving 25%, up to a maximum of $25.0 million). Any unappropriated revenues in excess of $110.0 million are required to be appropriated into the Rainy Day Fund.

Recent History: The Budget Reconciliation and Financing Act of 2023 (Chapter 103) altered the required appropriation to the Rainy Day Fund in fiscal 2024 only to reduce the appropriation from $1.06 billion and instead provide $500.0 million only, which was later transferred to the Blueprint for Maryland's Future Fund. The fiscal 2025 ending balance in the Rainy Day Fund is projected to be $2.3 billion, reflecting the reduced appropriation. The ending fund balance reflects 9.4% of projected general fund revenues.

Location of Provision in the Bill: Section 1 (pp. 24-25)

Analysis prepared by: Jason A. Kramer

Suspend Pension Sweeper Payment in Fiscal 2025 Only

Provision in the Bill: Suspends, for fiscal 2025 only, the requirement that the Governor include an appropriation to the State Retirement and Pension System (SRPS) equal to one-quarter of the amount by which the unappropriated general fund surplus exceeds $10.0 million in the second preceding fiscal year, up to a maximum of $25.0 million. The fiscal 2025 budget as introduced includes a $25.0 million general fund reduction to the Dedicated Purpose Account, contingent on the enactment of legislation reducing the amount of retirement reinvestment contributions.

Agency: State Retirement Agency; Department of Budget and Management

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	($25.0)	$0	$2.5	$2.6	$2.6
GF Exp	$0	($25.0)	$0	$2.1	$2.2	$2.2
SF Exp	$0	$0	$0	$0.2	$0.2	$0.2
FF Exp	$0	$0	$0	$0.2	$0.2	$0.2

State Effect: General fund expenditures decrease by $25.0 million in fiscal 2025 because the Governor is no longer required to allocate the funds from the general fund surplus to the SRPS trust fund in that year. Special fund revenues for the trust fund decrease correspondingly. State pension contributions increase by $2.5 million in fiscal 2027, which represents the amortized cost of making up the foregone payment to the SRPS trust fund in fiscal 2025. The amortization payments increase annually based on actuarial assumptions and are assumed to be allocated 84% general funds, 8% special funds, and 8% federal funds. Special fund revenues to the trust fund increase correspondingly.

Local Effect: None.

Program Description: The Budget Reconciliation and Financing Act of 2015 (Chapter 489) required that, for fiscal 2017 through 2020, an amount equal to one-half of the unappropriated general fund surplus in excess of $10.0 million from the second prior fiscal year be paid to the SRPS trust fund, up to a maximum of $50.0 million annually. Chapter 557 of 2017 required that the payments continue indefinitely beyond fiscal 2020, but also required that, beginning in fiscal 2021, they be evenly divided between the SRPS trust fund and the Postretirement Health Benefits Trust Fund, up to the same combined total of $50.0 million.

Recent History: While the general fund surplus has exceeded the threshold requiring a contribution to the SRPS trust fund each year since fiscal 2017, successive budget reconciliation legislation repealed the required payments in fiscal 2018, 2019, 2020, and 2021. Chapter 391 of 2022 amended the distribution, for fiscal 2024 only, reducing the amount for the SRPS trust fund to 15% or up to a maximum of $15.0 million, with the other 10% up to a maximum of $10.0 million directed to the Maryland Equity Investment Fund.

Location of Provision in the Bill: Section 1 (pp. 24-25)

Analysis prepared by: Jason A. Kramer

Modify State of Good Repair Funding for Maryland Transit Administration

Provision in the Bill: Reduces, for fiscal 2025 only, the mandated appropriation from revenues available in the Transportation Trust Fund (TTF) from at least $450.0 million to at least $439,013,282 for state of good repair needs in the Maryland Transit Administration (MTA).

Agency: MTA

Type of Action: Mandate relief

State Effect: Although the provision reduces the required funding for state of good repair needs in MTA in fiscal 2025 by approximately $11.0 million, expenditures are not affected. The fiscal 2025 budget as introduced included an $11.0 million special fund reduction, contingent on the enactment of legislation reducing the mandate. Subsequently, however, Supplemental Budget No. 1 struck the contingent reduction, thereby restoring the state of good repair funding for fiscal 2025.

Local Effect: None.

Program Description: MTA operates local buses, commuter buses, light rail, subway, commuter train service, and paratransit services. State of good repair funding is paramount to maintain functionality and safety throughout MTA's multimodal system. The agency analyzes current inventory to plan rehabilitation, management, and replacement necessary to maximize asset lifetime and safe use. MTA has a state of good repair backlog of $1.8 billion in deferred capital maintenance as identified in the *CY 2022-2031 Capital Needs Inventory*. MTA funds capital state of good repair needs though TTF in each year's *Consolidated Transportation Program*.

Recent History: Chapter 20 of the 2021 special session requires the Governor, for fiscal 2023 through 2029, to include specified capital appropriations from TTF for state of good repair needs at MTA.

Location of Provision in the Bill: Section 1 (p. 26)

Analysis prepared by: Carrie Cook

Advance the Reduction in the Local Rate for Highway User Revenue Distribution to Apply Beginning in Fiscal 2026

Provisions in the Bill: Advance the eventual reduction in the rate used to calculate the amount for Highway User Revenue (HUR) grants to local governments from applying beginning in fiscal 2028 to instead applying beginning in fiscal 2026. Under current law, for fiscal 2026 and 2027 only, the rate used to calculate the HUR grant amount increases to 20.0%. These provisions repeal the 20% rate and instead set the rate for fiscal 2026 and future years to the 15.6% rate currently set to apply for fiscal 2028 and beyond.

Agency: Maryland Department of Transportation (MDOT)

Type of Action: Mandate relief

State Effect: Overall special fund revenues and expenditures for the Transportation Trust Fund (TTF) are unaffected; however, TTF expenditures are reallocated to State projects in the MDOT capital program.

Local Effect: Transportation aid to counties and municipalities decreases by $98.7 million in fiscal 2026 and by $100.6 million in fiscal 2027, as shown in **Exhibit 1**.

Program Description: The HUR program is State aid in the form of a mandated capital appropriation from TTF to local governments. The annual HUR amount is based on a percentage of revenues in the Gasoline and Motor Vehicle Revenue Account (GMVRA) within TTF. For fiscal 2026 and 2027, the mandated appropriation is equal to 20% of the GMVRA balance. A decrease to the amount going to local governments results in increased funding toward State projects in MDOT's capital program.

Recent History: Chapter 240 of 2022 temporarily increased the rates used to calculate the local HUR grant amounts to 18.0% for fiscal 2025 and 20.0% for fiscal 2026 and 2027, and then reset them to 15.6% beginning in fiscal 2028.

Exhibit 1
Total Funding by County Under Proposed Highway User Revenue Change
($ in Millions)

	FY 2026		FY 2027	
	Change	**Total**	**Change**	**Total**
Allegany	-$1.1	$3.9	-$1.1	$4.0
Anne Arundel	-3.3	11.7	-3.4	12.0
Baltimore City	-60.6	213.1	-61.7	217.2
Baltimore	-3.6	12.1	-3.7	12.4
Calvert	-0.7	2.6	-0.8	2.6
Caroline	-0.6	2.2	-0.6	2.2
Carroll	-1.8	6.5	-1.8	6.6
Cecil	-1.0	3.5	-1.0	3.6
Charles	-1.1	3.9	-1.1	4.0
Dorchester	-0.7	2.5	-0.7	2.5
Frederick	-2.8	10.5	-2.9	10.8
Garrett	-0.7	2.4	-0.7	2.4
Harford	-1.9	6.7	-1.9	6.8
Howard	-1.5	4.9	-1.5	5.0
Kent	-0.3	1.2	-0.3	1.3
Montgomery	-5.4	19.4	-5.5	19.8
Prince George’s	-5.4	20.0	-5.5	20.4
Queen Anne’s	-0.6	2.0	-0.6	2.1
Somerset	-0.3	1.2	-0.4	1.3
St. Mary’s	-0.8	2.7	-0.8	2.8
Talbot	-0.7	2.5	-0.7	2.6
Washington	-1.6	5.9	-1.6	6.1
Wicomico	-1.3	4.9	-1.3	5.0
Worcester	-0.9	3.3	-0.9	3.4
Total	**-$98.7**	**$349.9**	**-$100.6**	**$356.7**

Source: Department of Legislative Services

Location of Provisions in the Bill: Section 1 (pp. 27-28)

Analysis prepared by: Steven D. McCulloch

Eliminate Mandate for the Maryland Public Broadcasting Commission

Provision in the Bill: Repeals the section of law requiring the Governor to fund the Maryland Public Broadcasting Commission (MPBC) at the level of the current year appropriation, as enacted by the General Assembly, and increased by general fund growth. That section of law also requires an additional general fund appropriation in certain situations; specifically, if special fund revenues from two specific federal grants are lower than what was budgeted for the second preceding year, the amount of the difference must also be appropriated. Accordingly, the requirement for additional funding for MPBC is also repealed. The fiscal 2025 budget as introduced includes a $1.0 million general fund reduction, contingent on the enactment of legislation eliminating the mandated funding.

Agency: MPBC

Type of Action: Mandate relief

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($1.0)	($0.3)	($0.7)	($1.2)	($1.8)

State Effect: General fund expenditures for MPBC decrease by $1.0 million in fiscal 2025 based on the level of the reduction in the fiscal 2025 budget, contingent on the enactment of the provision, which is greater than the amount of growth that is required due to the formula. General fund expenditures decrease by *at least* $279,582 in fiscal 2026 accounting only for anticipated general fund growth, escalating to *at least* $1.8 million by fiscal 2029. However, decreases to general fund expenditures in subsequent fiscal years are dependent upon estimated general fund revenue growth and special funds received from the Corporation for Public Broadcasting (CPB). The impact on future funding shown above is only for the estimated impact on mandated funding due to general fund revenue growth as changes in CPB revenues are unknown.

Local Effect: None.

Program Description: Chapter 816 of 2017 established minimum funding levels for MPBC. Specifically, beginning in fiscal 2019, the Governor is required to increase the annual general fund appropriation by the projected percentage increase in general fund revenues for the upcoming fiscal year. The Governor must also annually appropriate general funds to offset any decline in CPB revenues from certain federal grants in the second prior fiscal year.

Recent History: None.

Location of Provision in the Bill: Section 2 (p. 31)

Analysis prepared by: Micah R. Richards

Expand Allowable Uses of Blueprint for Maryland's Future Funding Provided for Coordinated Community Supports

Provisions in the Bill: Expand the authorized uses of the Blueprint for Maryland's Future funding for the Maryland Consortium on Coordinated Community Supports within the Maryland Community Health Resources Commission (MCHRC) to include not only providing school-based behavioral health services but also reimbursing the Maryland Department of Health (MDH) Medical Care Programs Administration for school-based behavioral health services provided on a fee-for-service basis through a Medicaid waiver.

Agency: MCHRC; MDH

Type of Action: Change use of special fund

State Effect: No effect on overall special fund revenues or expenditures; however, funds are reallocated among eligible activities. To the extent that special funds are spent to reimburse the Medical Care Programs Administration for school-based behavioral health services covered by Medicaid, general fund savings are realized annually. MDH advises that Maryland will implement a State Plan Amendment to Medicaid that would allow for reimbursement for services delivered by school psychologists and social workers in the first quarter of *calendar* 2025. MDH estimates $12.7 million of general fund expenditures would be necessary in fiscal 2025 absent this authorization, with growth in the out-years due to annualization and inflation. The fiscal 2025 budget as introduced does not include general funds in the Medicaid budget for this purpose, so failure to adopt this provision results in a general fund shortfall in the Medicaid budget.

Local Effect: Local education agency revenues potentially increase through consortium support for, or Medicaid reimbursement of, behavioral health services provided in schools.

Program Description: Chapter 36 of 2021 (the Blueprint for Maryland Future – Implementation) established the consortium within MCHRC, in part to develop coordinated community supports partnerships to meet student behavioral health needs and administer the Coordinated Community Supports Partnerships grant program. Allowable uses of consortium funding include (1) providing reimbursement, under a memorandum of understanding, to the National Center for School Mental Health and other technical assistance providers; (2) providing grants to coordinated community supports partnerships to deliver services and supports to meet students' holistic behavioral health needs; and (3) paying associated administrative costs.

Recent History: Chapter 713 of 2022 increased mandated funding levels for the consortium to $85.0 million in fiscal 2024, $110.0 million in fiscal 2025, and $130.0 million in fiscal 2026 and annually thereafter.

Location of Provisions in the Bill: Section 1 (pp. 6-8)

Analysis prepared by: Anne W. Braun

Remove Limitations Relating to Freezing Child Care Scholarship Enrollment

Provisions in the Bill: Remove a prohibition against the Maryland State Department of Education (MSDE) directly implementing an enrollment freeze for the Child Care Scholarship (CCS) Program and remove related limitations that allow for a freeze if MSDE either first provides notification to the General Assembly, as specified, or obtains approval from the Board of Public Works (BPW) for budget reductions, as specified.

Agency: MSDE

Type of Action: Cost containment; miscellaneous

State Effect: The bill allows MSDE to freeze CCS Program enrollment more readily than under current law. To the extent MSDE chooses to take this action, such a freeze would be in effect sooner than it otherwise could be. Accordingly, general fund and federal fund expenditures decrease by an indeterminate amount beginning as early as fiscal 2025 due to fewer new enrollments.

Local Effect: None.

Program Description: The CCS Program provided financial assistance for child care tuition to more than 33,000 eligible children in fiscal 2023 (up from more than 16,000 eligible children in fiscal 2022). For each child needing care, participating families receive a voucher to purchase child care directly from the provider of their choice, and MSDE reimburses the provider for the approved scholarship rate. Program eligibility is primarily determined by household income. The program is funded through a combination of general funds and the federal Child Care and Development Block Grant.

Recent History: Chapters 731 and 732 of 2023 prohibited MSDE from making certain alterations to the CCS Program as of January 1, 2023, including increasing copayments, reducing reimbursement rates, reducing income eligibility requirements, or implementing a freeze in program enrollment without first making certain notifications (subject to a waiting period) or obtaining BPW approval as part of a budget reduction action for a particular year. In prior years, MSDE had instated enrollment freezes (restricting the ability of families, typically those with the highest income eligibility levels, to participate in the CCS Program) when program costs outpaced the program's budget.

Location of Provisions in the Bill: Section 1 (pp. 8-9)

Analysis prepared by: Nathaly Andrade

Remove Prohibition on Capping the Dollar Amount of Specified Self-directed and Family-directed Goods and Services

Provision in the Bill: Removes a prohibition against the Developmental Disabilities Administration (DDA) within the Maryland Department of Health (MDH) establishing a limit on the maximum dollar amount provided to recipients for individual-directed and family-directed goods and services under the Community Services Program.

Agency: MDH

Type of Action: Cost containment; miscellaneous

State Effect: To the extent that DDA limits funding provided for individual-directed and family-directed goods and services to individuals, and funding above this spending cap is not reallocated to other service types, general fund expenditures decrease by an indeterminate but potentially significant amount beginning in fiscal 2025. Corresponding federal fund revenues and expenditures claimed through the federal matching rate for Medicaid waivers also decrease. MDH advises that the fiscal 2025 allowance for the DDA Community Services Program assumes an annual cap of $5,000 per recipient on individual-directed and family-directed goods and services and related cost savings. Accordingly, failure to adopt this provision may result in a general fund shortfall for the program in fiscal 2025.

However, MDH needs to seek changes to its federal waiver and obtain approval from the Centers for Medicare and Medicaid Services prior to implementing a cap, which takes approximately 180 days.

Local Effect: None.

Program Description: DDA funds direct services to intellectually and developmentally disabled individuals through a coordinated community-based service delivery system. Individual-directed and family-directed goods and services are defined as services, equipment, activities, or supplies for individuals who self-direct services that (1) relate to a need or goal identified in the person-centered plan of service; (2) maintain or increase independence; (3) promote opportunities for community living and inclusion; and (4) are not available under another waiver provided under the State plan. MDH reports that, as of January 1, 2024, approximately 3,000 individuals receive self-directed services.

Recent History: Chapters 736 and 737 of 2022 prohibit DDA from establishing a limit on the dollar amount of individual-directed and family-directed goods and services provided to a recipient, but they also prohibit a recipient from receiving services or supports in excess of the recipient's annual approved budget.

Location of Provision in the Bill: Section 1 (pp. 19-20)

Analysis prepared by: Victoria Martinez

Use Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to Satisfy the Tree Solutions Now Act of 2021 Funding Mandate

Provision in the Bill: Establishes that $2.5 million in special funds from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund must be used annually from fiscal 2025 through 2031 for tree plantings on public and private land, thereby eliminating a general fund appropriation to the trust fund for that purpose. The fiscal 2025 budget as introduced includes $2.5 million general fund reductions for both fiscal 2024 and 2025 and a $2.5 million special fund appropriation for fiscal 2024, contingent on the enactment of legislation allowing the mandate to be satisfied in this manner.

Agency: Department of Natural Resources (DNR)

Type of Action: Fund swap

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)	($2.5)
SF Exp	$2.5	2.5	2.5	2.5	2.5	2.5

State Effect: General fund expenditures decrease by $2.5 million annually from fiscal 2025 through 2031. Special fund expenditures increase correspondingly. Although the provision does not alter the required funding in fiscal 2024, the fiscal 2025 budget as introduced includes a $2.5 million general fund reduction in fiscal 2024 and a $2.5 million special fund appropriation in fiscal 2024 contingent on the enactment of this legislation; therefore, these changes are assumed to be an impact of the provision.

Local Effect: Funding for local projects from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund may decrease as a result of funds being diverted. The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund's fiscal 2024 appropriation is $60.6 million, of which $22.9 million, or approximately 38%, was allocated to the Competitive Grant Program for local projects.

Program Description: Chapter 6 of the 2007 special session established a Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used to implement the State's tributary strategy. The fund is financed with a portion of existing revenues from the motor fuel tax and the sales and use tax on short-term vehicle rentals. Subsequently, Chapters 120 and 121 of 2008 established a framework for how the trust fund money must be spent by specifying that it be used for nonpoint source pollution control projects and by expanding it to apply to the Atlantic Coastal Bays.

Recent History: Chapter 645 of 2021 (Tree Solutions Now Act of 2021) requires the Governor to include an annual appropriation of $2.5 million in fiscal 2024 through 2031 to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for tree planting on public and private land, among other required appropriations. Chapter 645 specified that funds appropriated to the fund are supplemental to, and may not take the place of, funding that would otherwise be appropriated for tree plantings on public and private land.

Location of Provision in the Bill: Section 1 (p. 22)

Analysis prepared by: Andrew D. Gray

Reduce Amount of the Revenue Volatility Adjustment

Provisions in the Bill: Alter the maximum amount of projected nonwithholding income tax revenue that must, under certain circumstances, be subtracted from the projected general fund revenue estimate each year to cap the amount at $100.0 million in fiscal 2025 and 2026.

Agency: State Reserve Fund

Type of Action: Revenue action

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$40.0	$153.3	$0	$0	$0
SF Rev	$0	($20.0)	($76.7)	($20.0)	($76.7)	$0
SF Exp	$0	$0	$0	($20.0)	($76.7)	$0

State Effect: General fund revenues increase by $40.0 million in fiscal 2025 due to reducing the cap from $140.0 million to $100.0 million. Special fund revenues for the Revenue Stabilization Account (Rainy Day Fund) decrease by as much as $20.0 million in fiscal 2025 and $76.7 million in fiscal 2026 representing the amount that would have gone to the fund if the revenues exceeding the cap were realized. Fiscal 2026 impacts reflect the proposed change in the cap from 2% of projected general fund revenues to $100.0 million in that year relative to the December 2023 Board of Revenue Estimates general fund forecast. Special fund revenues and expenditures from the Fiscal Responsibility Fund decrease by the amount that would have gone to that fund in fiscal 2027 and 2028 if the revenue exceeding the cap were realized.

Local Effect: None.

Program Description: Chapters 4 and 550 of 2017 established a cap on income tax nonwithholding revenues. The cap applies when the share of estimated general fund revenues attributable to income tax nonwithholding sources exceeds the 10-year average. If nonwithholding revenues, as a percentage of general fund revenues, are less than the 10-year average percentage, there is no effect. The cap requires reducing the estimate of nonwithholding income tax revenues so that nonwithholding income tax revenues as a share of general fund revenues do not exceed the 10-year average. In some years, actual income tax nonwithholding revenues will exceed the capped estimate. In those years, the Acts specify how the excess revenues are to be allocated. The excess revenues are to be distributed (1) to close any revenue gap for the fiscal year; (2) to the Rainy Day Fund (if the account is less than 6.0% of general fund revenues), the amount that is required to provide a balance in the account of 6.0% of general fund revenues; and (3) the remainder split 50.0% to the Rainy Day Fund and 50.0% to the Fiscal Responsibility Fund.

The Fiscal Responsibility Fund was established to hold the amount of nonwithholding income tax revenues that exceed the capped estimate. The funds are to be used only to provide pay-as-you-go capital funds for (1) public school construction and public school capital improvement projects; (2) capital projects at public community colleges; and (3) capital projects at four-year public institutions of higher education. The funds are required to be appropriated in the second following fiscal year.

Recent History: Chapters 4 and 550 originally set the cap on the revenue volatility adjustment at 2.0% of general fund revenues beginning in fiscal 2020, but legislation has delayed the 2% cap. Most recently, Chapter 538 of 2020 (Budget Reconciliation and Financing Act of 2020) delayed the phase in of the 2% cap to fiscal 2026 and established specific dollar caps for fiscal 2021 ($0), fiscal 2022 ($80.0 million) and increasing by $20.0 million per year ($100.0 million in fiscal 2023, $120.0 million in fiscal 2024, and $140.0 million in fiscal 2025), until reaching the 2.0% cap in fiscal 2026.

Location of Provisions in the Bill: Section 1 (pp. 22-23)

Analysis prepared by: Jason A. Kramer

Redirect Interest from a Variety of Special Funds

Provisions in the Bill: Redirect interest earned on special funds of the State to the general fund for fiscal 2024 through 2028 only, except for special funds and accounts which are specifically exempted from the requirement or where doing so would be inconsistent with federal law, a grant agreement, other federal requirements, or with the terms of a gift or settlement agreement.

Agency: Multiple

Type of Action: Revenue action

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$2.0	$27.0	$13.5	$13.5	$13.5	$0.0
SF Rev	($2.0)	($27.0)	($13.5)	($13.5)	($13.5)	$0.0

State Effect: General fund revenues increase by $2.0 million in fiscal 2024 due to the June 1, 2024 effective date, allowing for some crediting of interest to the general fund in fiscal 2024. General fund revenues increase by $27.0 million in fiscal 2025 to account for a full year and by $13.5 million annually from fiscal 2026 through 2028 when the provision terminates. (The fiscal 2025 budget as introduced assumes $27.0 million in revenues.) The lower level of general fund revenue in the out-years is due to lower expected interest. Special fund revenues decrease correspondingly. To the extent that the special fund revenues are reduced, special fund expenditures may likewise be reduced; however, the amount and timing cannot be reliably estimated.

Local Effect: None.

Program Description: The State Treasurer's Office reports that, as of December 2023, 208 special funds accrue interest retained by the fund. The provision in the bill specifically exempts 86 accounts from redirection of interest to the general fund.

Recent History: A similar provision appeared in the Budget Reconciliation and Financing Act (BRFA) of 2010 (Chapter 484), for fiscal 2010 and 2011 only. The BRFA of 2011 (Chapter 397) made permanent the redirection of interest from special fund accounts, with the exception of certain accounts.

Location of Provisions in the Bill: Section 1 (p. 23-24) and Section 4 (pp. 31-35)

Analysis prepared by: Tonya D. Zimmerman

Reduce Lottery Agent Sales and Cashing Commissions

Provisions in the Bill: Reduce lottery agent sales commissions from 6% to 5.5% of gross lottery sales and reduce the prize ticket cashing commission from 3% to 2%.

Agency: State Lottery and Gaming Control Agency

Type of Action: Revenue action

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$2.2	$27.2	$27.4	$27.6	$27.8	$28.0

State Effect: General fund revenues increase by $2.2 million in fiscal 2024, reflecting one month of revenues, and by $27.2 million in fiscal 2025 due to reduced lottery agent sales commissions and prize ticket cashing commissions. (The fiscal 2025 budget as introduced assumes $32.0 million in revenues.) Fiscal 2025 revenues reflect annualization and anticipated growth in lottery sales; out-years reflect continued anticipated growth.

Local Effect: None.

Program Description: In exchange for selling State lottery products, licensed agents earn a 6.0% commission of gross lottery sales. A licensed agent may receive a cashing fee of up to 3% of valid prizes paid for services rendered in cashing winning tickets.

Recent History: Chapter 661 of 2022 increased the lottery agent sales commission from 5.5% to 6.0% of gross lottery sales.

Location of Provisions in the Bill: Section 1 (pp. 25-26)

Analysis prepared by: Heather N. MacDonagh and Micah R. Richards

Repeal the Small Business Relief Tax Credit

Provision in the Bill: Repeals the section of law establishing the small business relief tax credit.

Agency: Department of Commerce

Type of Action: Revenue action

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$0.1	$0.1	$0.1	$0.1	$0.1

State Effect: General fund revenues increase by up to $0.1 million annually beginning in fiscal 2025 due to the small business relief tax credit no longer being claimed against the income tax. This estimate assumes continued limited utilization of the tax credit; for example, only three small businesses have had claims certified since the inception of the program (although more claims have been submitted). (The fiscal 2025 budget as introduced assumes $1.3 million in revenues.)

Local Effect: Local highway user revenues are not materially affected.

Program Description: A small business that employs 14 or fewer employees and provides paid sick and safe leave in accordance with the Maryland Healthy Working Families Act to a qualified employee may claim a refundable credit against the State income tax. A qualified employee is one who earns 250% or less of the annual federal poverty guidelines for a single-person household. The credit is the lesser of $500 for each qualified employee or the total amount of qualified employer benefits accrued by qualified employees. The Department of Commerce may issue tax certificates totaling no more than $5.0 million annually.

Recent History: Chapter 571 of 2018 established the tax credit.

Location of Provision in the Bill: Section 3 (p. 31)

Analysis prepared by: Heather N. MacDonagh

Authorize Transfer of Fund Balance from the State Unemployment Insurance Reserve Account to the General Fund in Fiscal 2025

Provision in the Bill: Authorizes the Governor to transfer $40.0 million from the balance of the reserve account established by the State to pay for unemployment benefits for State employees to the general fund, so long as the transfer occurs by June 30, 2025.

Agency: Statewide

Type of Action: Fund balance transfer

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$40.0	$0	$0	$0	$0

State Effect: General fund revenues increase by $40.0 million in fiscal 2025.

Local Effect: None.

Program Description: The State, as an employer, reimburses the Unemployment Insurance (UI) program dollar-for-dollar for benefits paid to eligible claimants in the prior quarter. The State maintains a fund for the purpose of making these payments to the UI program and budgets 28 cents for every $100 of payroll for this purpose. The projected fiscal 2024 closing balance of the fund is $76.5 million before this proposed transfer.

Recent History: In addition to the transfer from the fund balance authorized in this provision, the fiscal 2025 budget accounts for a reduction of $6.0 million in general funds due to an anticipated unemployment rate reduction.

Location of Provision in the Bill: Section 5 (p. 35)

Analysis prepared by: Jason A. Kramer

Authorize Transfer of Resilient Maryland Revolving Loan Fund Balance to the General Fund in Fiscal 2025

Provision in the Bill: Authorizes the Governor to transfer $5.75 million from the balance of the Resilient Maryland Revolving Loan Fund (RMRLF) to the general fund, so long as the transfer occurs by June 30, 2025.

Agency: Maryland Department of Emergency Management (MDEM)

Type of Action: Fund balance transfer

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$5.75	$0	$0	$0	$0

State Effect: General fund revenues increase by $5.75 million in fiscal 2025 as a result of the transfer.

Local Effect: There is a corresponding reduction in RMRLF fund balance available for local resilience projects to address hazard mitigation.

Program Description/Recent History: Chapter 644 of 2021 established RMRLF in response to the passage of the federal Safeguarding Tomorrow Through Ongoing Risk Mitigation (STORM) Act that went into effect January 1, 2021. The STORM Act authorized the Federal Emergency Management Agency (FEMA) to provide capitalization grants to states that established revolving loan funds for hazard mitigation assistance that reduce risks from disasters and other natural hazards. Chapters 244 and 245 of 2022 altered RMRLF so that the fund may provide low- or no-interest loans to local governments and nonprofit organizations for resilience projects. Money in the fund may also be used to administer and manage the fund.

The fiscal 2023 budget provided $25.0 million in pay-as-you-go general funds into RMRLF to support the required 10% State match for federal STORM Act funds and for State funded projects. MDEM received notice in September 2023 from FEMA of a total award of $6.5 million. Delays in the federal allocation of awards caused corresponding delays in the expenditure of appropriated State funds, resulting in an RMRLF fund balance.

Location of Provision in the Bill: Section 5 (p. 35)

Analysis prepared by: Samantha M. Tapia

Authorize Transfer of Maryland Pediatric Cancer Fund Balance to the General Fund in Fiscal 2025

Provision in the Bill: Authorizes the Governor to transfer $5.0 million from the balance in the Maryland Pediatric Cancer Fund to the general fund, so long as the transfer occurs by June 30, 2025.

Agency: Maryland Department of Health (MDH)

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$5.0	$0	$0	$0	$0

State Effect: General fund revenues increase by $5.0 million in fiscal 2025 as a result of the transfer. To the extent that MDH would have distributed funds absent this transfer, special fund expenditures decrease. However, the timing of such expenditures cannot be reliably estimated.

Local Effect: None.

Program Description: Chapters 253 and 254 of 2022 established the Maryland Pediatric Cancer Fund within MDH and required the department to administer the fund to distribute pediatric cancer research grants, which could also support prevention and treatment. An initial appropriation of $5.0 million was required in either fiscal 2023 or 2024; however, that level of funding was provided in both years. No other funding is mandated for the fund.

Recent History: The fiscal 2025 budget includes a proposed deficiency to withdraw $5.0 million in general funds from the Maryland Pediatric Cancer Fund, representing the fund's entire fiscal 2024 appropriation. This provision and the proposed deficiency result in no remaining balance or appropriation for the Maryland Pediatric Cancer Fund.

Location of Provision in the Bill: Section 5 (p. 35)

Analysis prepared by: Anne W. Braun

Authorize Transfer of Fund Balances from Certain Health Professional Licensing Boards to the Behavioral Health Administration in Fiscal 2025

Provisions in the Bill: Authorize the transfer of a total of $3,014,086 from the fund balances of three health professional licensing boards to the Behavioral Health Administration (BHA) within the Maryland Department of Health (MDH), so long as the fund balance transfers occur by June 30, 2025. More specifically, the authorized transfer comprises (1) $1,648,669 from the Board of Professional Counselors and Therapists Fund; (2) $776,646 from the State Board of Occupational Therapy Practice Fund; and (3) $588,771 from the State Board of Examiners of Psychologists Fund. The fiscal 2025 budget as introduced includes a $3,014,086 general fund reduction, contingent on the enactment of legislation authorizing the transfer.

Agency: MDH

Type of Action: Fund swap

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($3.0)	$0	$0	$0	$0
SF Exp	$0	$3.0	$0	$0	$0	$0

State Effect: General fund expenditures for BHA community behavioral health services decrease by $3.0 million in fiscal 2025 only due to the available special funds. BHA special fund expenditures increase correspondingly in fiscal 2025. To the extent that the three boards would have used the available fund balance, special fund expenditures decrease correspondingly for the Board of Professional Counselors and Therapists, the State Board of Occupational Therapy Practice, and the State Board of Examiners of Psychologists. However, the timing of any such expenditures cannot be reliably estimated. Overall, special fund revenues are not affected, merely reallocated within MDH.

Local Effect: None.

Program Description: BHA has oversight over publicly funded inpatient and outpatient behavioral health services and provides services and supports for the treatment and rehabilitation of individuals with substance use, mental health, co-occurring, and problem-gambling disorders. These funds would support the Community Services program; however, the specific uses of the funding are unclear.

The State boards are responsible for the licensing and regulation of individuals practicing in each board's respective field. At the close of fiscal 2023, the special fund balance was

$3.7 million in the Board of Professional Counselors and Therapists Fund, $1.2 million in the State Board of Occupational Therapy Practice Fund, and $1.9 million in the State Board of Examiners of Psychologists Fund.

Recent History: The Budget Reconciliation and Financing Act of 2021 authorized a transfer of $1.5 million from the balance in the State Board of Professional Counselors and Therapists Fund and $2.0 million from the balance in the Natalie M. LaPrade Medical Cannabis Commission Fund to BHA.

Location of Provisions in the Bill: Section 6 (p. 35)

Analysis prepared by: Naomi Komuro

Authorize Transfer of Funds from the Integrated Care Network Fund to the Medical Care Programs Administration for Information Technology in Fiscal 2025

Provision in the Bill: Authorizes the Governor to transfer $216,845 from the Health Information Exchange Fund to the Medical Care Programs Administration (MCPA) to support information technology activities, so long as the transfer occurs by June 30, 2025. The fiscal 2025 budget as introduced includes a general fund reduction of $216,845, contingent on the enactment of legislation extending the spending authority of the Integrated Care Network Fund into fiscal 2025.

Additionally, the fiscal 2025 budget as introduced for MCPA includes a federal fund appropriation of $216,845, contingent on the enactment of legislation extending the spending authority of the Integrated Care Network Fund. The Department of Legislative Services notes that this is a technical error as transferred funding from the Integrated Care Network Fund would be budgeted as special funds in MCPA.

Agency: Maryland Department of Health

Type of Action: Fund swap

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($0.2)	$0	$0	$0	$0
SF Exp	$0	$0.2	$0	$0	$0	$0

State Effect: General fund expenditures in MCPA decrease by $216,845 in fiscal 2025 due to the use of special funds from the Integrated Care Network Fund. Special fund expenditures in MCPA increase correspondingly. This analysis assumes that technical corrections are made to the budget to (1) account for special funds (rather than federal funds) and (2) modify the language of the contingency, which is not likely able to be effectuated (since the provision is not an "extension of spending authority").

Local Effect: None.

Recent History: Following the repeal of the Maryland Health Insurance Plan, fund balance from that program was transferred to MCPA to be used for integrated care networks. MCPA's statutory authority to spend this fund balance expired in fiscal 2020.

Location of Provision in the Bill: Section 7 (pp. 35-36)

Analysis prepared by: Anne W. Braun

Authorize Transfers from the Dedicated Purpose Account in Fiscal 2025

Provisions in the Bill: Authorize the Governor to transfer a total of $193,830,236 from the Dedicated Purpose Account to the general fund, so long as the transfer occurs by June 30, 2025. Specifically, these monies are authorized to be transferred from funds held in the Dedicated Purpose Account for (1) cybersecurity ($149,500,476); (2) capital pay-as-you-go (PAYGO) funds for renovations to 2100 Guilford Avenue and the adjacent parking structure ($28,884,000); (3) capital PAYGO funds for the Maryland Department of Emergency Management (MDEM) Headquarters Renovation and Expansion project ($9,090,000); (4) capital PAYGO for Conowingo Dam dredging ($6,000,000); and (5) miscellaneous expenses ($355,760).

Agency: State Reserve Fund; Department of General Services (DGS); Maryland Environmental Service (MES); MDEM; Department of Information Technology (DoIT)

Type of Action: Fund balance transfer

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$193.8	$0	$0	$0	$0

State Effect: General fund revenues increase by $193.8 million in fiscal 2025. Special fund expenditures decrease by as much as $149.5 million between fiscal 2025 and 2028 reflecting expenditures that could have been made for cybersecurity. As the timing of the expenditures cannot be reliably estimated, any such reduction is not reflected above. Other projects are not proceeding and, therefore, there is no additional impact on special fund expenditures.

Local Effect: No direct impact.

Program Description/Recent History: The Dedicated Purpose Account is established to retain appropriations for major, multi-year expenditures in which the magnitude and timing of cash needs are uncertain and to meet expenditure requirements that may be affected by changes in federal law or fiscal policies or other contingencies. Funds remain available in the Dedicated Purpose Account for four years after the close of the fiscal year in which the funds were appropriated.

- Cybersecurity ($149.5 million): Funding for cybersecurity purposes has been included as an appropriation to the Dedicated Purpose Account each year beginning in fiscal 2021: $10.0 million in fiscal 2021; $100.0 million in fiscal 2022; $100.0 million in fiscal 2023; and $152.0 million in fiscal 2024. Approximately $114.0 million of this amount has been expended. Accounting for this transfer, approximately $98.5 million would remain available to be used for cybersecurity purposes. The fiscal 2025 budget as introduced includes $68.3 million in DoIT for cybersecurity purposes.

- 2100 Guilford Avenue ($28.9 million): The former location of the Department of Public Safety and Correctional Services' Division of Parole and Probation, 2100 Guilford Ave., had been selected as a new location for DGS, which is one of several State agencies that have left the State Center complex in Baltimore City. A construction and renovation plan with funding for fiscal 2023 and 2024 was included in the 2022 *Capital Improvement Program* (CIP). However, as renovation plans progressed, design modifications were found to be necessary and incurred greater costs. At the same time, concerns arose from the surrounding community about disruptions from construction and traffic congestion. These issues were reflected in the delay of funding to fiscal 2025 and 2026 as reflected in the 2023 CIP, along with an increase from the initial estimate of $23.8 million to $76.3 million. In a report submitted January 15, 2024, DGS reported that it has decided not to move forward with renovation and relocation to 2100 Guilford Ave. DGS will be issuing a request for information to determine alternative uses of the property as it continues to manage maintenance and security of the site.

- MDEM Headquarters at Camp Fretterd ($9.1 million): The current MDEM headquarters building at the Camp Fretterd Military Reservation was constructed in calendar 2001. The building was designed for a staff of only 39 personnel; since construction, the agency's programs and responsibilities have greatly expanded. The budget for fiscal 2025 includes 107 regular positions in the agency. A plan for renovation of the Camp Fretterd headquarters building was estimated to cost a total of $21.2 million, and initial funding was provided for design work in fiscal 2023. However, the project experienced delays in the permit waiver and procurement processes, and MDEM ultimately decided to rent new office space rather than move forward with renovations.

- Conowingo Dam ($6.0 million): The fiscal 2023 budget included $6.0 million in general funds in the Dedicated Purpose Account for the MES Conowingo Dam Capacity Recovery and Dredge Material Reuse Project. The project was intended to be a large-scale dredging and beneficial reuse project at the Conowingo Dam to reduce excess nutrients – from material trapped behind the dam –entering the Chesapeake Bay. The budget committees adopted narrative to request additional details about various aspects of the project; however, the committees felt that the report was not responsive to concerns about project readiness. For instance, the project was underdeveloped in that there was no clear program plan, timeline, cost estimate, or confirmed buy-in from neighboring states.

- Miscellaneous operating expenses ($355,760): The proposed transfer represents unspent funding within the Dedicated Purpose Account.

Location of Provisions in the Bill: Section 8 (p. 36)

Analysis prepared by: Jason A. Kramer

Alter Requirement that the Maryland Transit Administration Purchase Only Zero-emissions Buses

Provisions in the Bill: Alter the requirement that the Maryland Transit Administration (MTA) procure only zero-emission buses (ZEBs) to support its transit fleet and instead require MTA to ensure that at least 25% of annual bus procurements are ZEBs, beginning in fiscal 2025. Also authorize MTA to procure additional clean diesel buses if sufficient ZEBs to meet the requirement are not commercially available.

Agency: MTA

Type of Action: Miscellaneous

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Exp	$0	($20.0)	($20.0)	($20.0)	($20.0)	($20.0)

State Effect: Transportation Trust Fund (TTF) expenditures decrease by an anticipated $20.0 million in fiscal 2025 through 2029 due to the lower costs associated with procuring clean diesel buses rather than ZEBs. Revenues are not affected.

Local Effect: None.

Program Description: MTA operates a comprehensive multimodal transit system throughout the Baltimore-Washington metropolitan area, including more than 50 local bus lines in the Baltimore metropolitan area served by a fleet of over 750 buses. Local bus ridership in fiscal 2023 exceeded 20 million. To meet service demand while accounting for typical asset lifetimes, MTA must purchase approximately 70 buses per year.

Recent History: Chapter 693 of 2021 prohibited MTA, beginning in fiscal 2023, from procuring buses for the transit fleet that are not ZEBs. However, it allows the agency to purchase alternative-fuel buses if the agency determines that no ZEBs meet performance requirements needed for a particular use.

Location of Provisions in the Bill: Section 1 (p. 27)

Analysis prepared by: Carrie Cook

Eliminate Requirement for Registration Stickers on License Plates

Provisions in the Bill: Eliminate the requirement for motorists to display and the Motor Vehicle Administration (MVA) to provide registration stickers for license plates. The fiscal 2025 budget as introduced includes a $1.1 million special fund reduction, contingent on the enactment of legislation eliminating the requirement.

Agency: MVA

Type of Action: Miscellaneous

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Exp	($0.1)	($1.4)	($1.4)	($1.4)	($1.4)	($1.4)

State Effect: Transportation Trust Fund (TTF) expenditures decrease by an estimated $116,667 in fiscal 2024, assuming a June 1, 2024 implementation date, due to reduced expenses associated with producing and distributing stickers to motorists. Beginning in fiscal 2025, special fund expenditures decrease by $1.4 million annually, reflecting a full year of implementation. (The contingent reduction in the budget reflects an October 1, 2024 implementation date; the Department of Legislative Services advises that as the bill takes effect June 1, 2024, an earlier implementation date should be assumed.) TTF revenues may decrease by a negligible amount from no longer charging $20 to replace a registration sticker.

Local Effect: None.

Program Description: MVA is responsible for supplying motor vehicle services to the citizens of Maryland, including driver license services, registration and titling of vehicles, administering vehicle inspection and driver safety programs, and the regulation of businesses related to the sale and rental of motor vehicles and the training of drivers.

State law requires motorists to display current registration stickers on license plates. These stickers are provided to motorists by MVA upon registration renewal and show the registration expiration date for ease of law enforcement officials. Absent the requirement to display current registration stickers on license plates, law enforcement officials can instead retrieve information about a vehicle's registration status by the tag number.

Recent History: None.

Location of Provisions in the Bill: Section 1 (pp. 29-31)

Analysis prepared by: Carrie Cook

Alter the Allowable Uses of Strategic Energy Investment Fund Balance and Transfer Funds to the Dedicated Purpose Account in Fiscal 2025

Provisions in the Bill: Authorize the transfer of $90.0 million from the balance in the Strategic Energy Investment Fund (SEIF) to the Dedicated Purpose Account, so long as the transfer occurs by June 30, 2025, and require that at least 50% of funds transferred support programs serving low- to moderate-income communities, as specified. Funds transferred may be used to help implement the Climate Solutions Act of 2022 and Maryland's Climate Pollution Reduction Plan.

Agency: State Reserve Fund; Maryland Energy Administration

Type of Action: Miscellaneous

Fiscal Impact:	***($ in millions)*** **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	$90.0	$0	$0	$0	$0

State Effect: Special fund revenues increase for the Dedicated Purpose Account in fiscal 2025 only to reflect the authorized transfer. Overall, special fund expenditures are generally unchanged, but the timing of the expenditures may vary and expenditures potentially reallocated among State agencies (that potential change is not reflected above). The fiscal 2025 budget as introduced includes a special fund appropriation of $90.0 million from SEIF to the Dedicated Purpose Account to support the funding of unspecified provisions of Chapter 38 of 2022 (The Climate Solutions Now Act) and *Maryland's Climate Pollution Reduction Plan* released by the Maryland Department of the Environment in December 2023.

Local Effect: None.

Program Description: Chapters 127 and 128 of 2008 created the Maryland Strategic Energy Investment Program and the implementing SEIF to decrease energy demand and increase energy supply to promote affordable, reliable, and clean energy. SEIF is funded through the proceeds from the auction of carbon allowances under the Regional Greenhouse Gas Initiative (RGGI); the fund also receives revenues from compliance fees – often referred to as alternative compliance payments (ACPs) – generated under the State's Renewable Energy Portfolio Standard.

RGGI proceeds must be used for the following purposes: (1) at least 50% for energy assistance programs in the Department of Human Services; (2) at least 20% for energy efficiency and conservation (at least one-half of which must be used for low- and moderate-income programs); (3) at least 20% for renewable and clean energy programs, energy-related education and outreach, and climate change and resiliency programs; and (4) up to 10% but no more than $7.5 million for administrative expenses.

ACP revenues primarily must be used to support the creation of new renewable energy sources in the State that are owned by or directly benefit low- to moderate-income, overburdened, or underserved communities.

The estimated closing fund balance across SEIF subaccounts, before the transfer, at the close of fiscal 2025 is projected to be $181.3 million. **Exhibit 1** presents information on the estimated closing fiscal 2025 fund balances by subaccount within SEIF, as well as the projected remaining balances after the proposed transfers.

Exhibit 1
Estimated Closing Fiscal 2025 Balances in the Strategic Energy Investment Fund
By Subaccount, Before and After the Proposed Transfer
($ in Millions)

	Estimated Balance	Proposed Transfer	Remaining Balance
Energy Assistance	$13.8	$8.0	$5.8
Low and Moderate Income Energy Efficiency	14.5	10.5	4.0
Energy Efficiency in all Sectors	13.3	6.6	6.7
Renewable Energy and Climate Change	9.4	-	9.4
Administration	43.5	21.8	21.7
Subtotal RGGI-sourced Subaccounts	***$94.5***	***$46.9***	***$47.6***
Offshore Wind Development	$0.0	-	$0.0
Exelon Animal-Waste-to-Energy ACP	0.0	-	0.0
Renewable Portfolio Standard ACP	85.2	$43.1	42.1
Pepco/Exelon Merger Most Favored Nation Provision	0.0	-	0.0
AltaGas/WGL Settlement (Maryland Gas Expansion Fund)	1.6	-	1.6
Subtotal NonRGGI-sourced Subaccounts	***$86.8***	***$43.1***	***$43.7***
Total All Subaccounts	**$181.3**	**$90.0**	**$91.3**

ACP: alternative compliance payment
RGGI: Regional Greenhouse Gas Initiative

Source: Department of Legislative Services

Recent History: Chapter 98 of 2023 increased the dollar cap on the amount of RGGI Program revenues that may be credited to the Administration subaccount within SEIF from $5.0 million to $7.5 million, along with modifying two transportation sector programs funded by SEIF and modifying the authorized uses of certain ACPs deposited in SEIF.

Location of Provisions in the Bill: Section 9 (p. 36)

Analysis prepared by: Samuel M. Quist

Appendix B

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GENERAL FUND REVENUES						
Mandate Relief						
Subtotal – Mandate Relief	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***
Transfers, Fund Swaps, Cost Shifts/Control, and Other Actions						
Reduce Amount of Revenue Volatility Adjustment	$0	$40,000,000	$153,338,000	$0	$0	$0
Redirect Interest from Variety of Special Funds	2,000,000	27,000,000	13,500,000	13,500,000	13,500,000	0
Reduce Lottery Agent Sales and Cashing Commissions	2,225,790	27,199,068	27,383,263	27,570,923	27,761,759	27,972,548
Repeal Small Business Relief Tax Credit	0	85,000	85,000	85,000	85,000	85,000
Transfer – from State UI Reserve Account	0	40,000,000	0	0	0	0
Transfer – from Resilient Maryland Revolving Loan Fund	0	5,750,000	0	0	0	0
Transfer – from Maryland Pediatric Cancer Fund	0	5,000,000	0	0	0	0
Transfer – from Dedicated Purpose Account	0	193,830,236	0	0	0	0
Subtotal – Other Actions	***$4,225,790***	***$338,864,304***	***$194,306,263***	***$41,155,923***	***$41,346,759***	***$28,057,548***
TOTAL GENERAL FUND REVENUES	**$4,225,790**	**$338,864,304**	**$194,306,263**	**$41,155,923**	**$41,346,759**	**$28,057,548**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GENERAL FUND EXPENDITURES						
Mandate Relief						
Eliminate Mandate -- Maryland Native Plants Program	$0	$0	($150,000)	($150,000)	($150,000)	($150,000)
Eliminate Mandate -- Maryland Native Plants Program	0	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Eliminate Mandate -- Consumer Protection Division	0	(700,000)	(700,000)	(700,000)	(700,000)	(700,000)
Eliminate Mandate -- School Construction Revolving Loan Fund	0	(10,000,000)	(10,000,000)	0	0	0
Alter Senator John A. Cade Funding Formula	0	(22,644,092)	(27,163,655)	(28,774,673)	(29,292,681)	(30,155,932)
Alter Joseph A. Sellinger Program Funding Formula	0	(63,811,002)	(66,758,572)	(68,502,100)	(70,345,475)	(72,419,190)
Alter Mandate -- Business Façade Improvement Program	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Suspend Mandate -- Fisheries Research and Development Fund	0	(1,794,000)	0	0	0	0
Reduce Mandate -- Noland Woodland Incentives/Fellowship Fund	0	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Reduce Mandate -- Warrants and Absconding Grants	0	(1,000,000)	(1,000,000)	0	0	0
Eliminate Requirement to Print Budget Books	0	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Suspend Other Postemployment Benefits Payment	0	(25,000,000)	0	0	0	0
Suspend Appropriation of Surplus to Revenue Stabilization Account	0	(495,497,068)	0	0	0	0
Suspend Pension Sweeper Payment	0	(25,000,000)	0	2,100,000	2,200,000	2,200,000
Eliminate Mandate -- Maryland Public Broadcasting Commission	0	(1,000,000)	(279,582)	(728,151)	(1,289,814)	(1,800,927)
Subtotal – Mandate Relief	***$0***	***($652,086,162)***	***($111,691,809)***	***($102,394,924)***	***($105,217,970)***	***($108,666,049)***
Transfers, Fund Swaps, Cost Shifts/Control, and Other Actions						
Satisfy Mandate with Chesapeake/Atlantic Coastal Bays 2010 TF	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)	($2,500,000)
Transfer – from Certain Boards to Behavioral Health Administration	0	(3,014,086)	0	0	0	0
Transfer – from Integrated Care Network Fund to Medicaid	0	(216,845)	0	0	0	0
Subtotal – Other Actions	***($2,500,000)***	***($5,730,931)***	***($2,500,000)***	***($2,500,000)***	***($2,500,000)***	***($2,500,000)***
TOTAL GENERAL FUND EXPENDITURES	**($2,500,000)**	**($657,817,093)**	**($114,191,809)**	**($104,894,924)**	**($107,717,970)**	**($111,166,049)**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SPECIAL FUND REVENUES						
Mandate Relief						
Suspend Mandate -- Fisheries Research and Development Fund	$0	($1,794,000)	$0	$0	$0	$0
Reduce Mandate -- Noland Woodland Incentives/Fellowship Fund	0	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Suspend Other Postemployment Benefits Payment	0	(25,000,000)	0	0	0	0
Suspend Pension Sweeper Payment	0	(25,000,000)	0	2,500,000	2,600,000	2,600,000
Suspend Appropriation of Surplus to Revenue Stabilization Account	0	(495,497,068)	0	0	0	0
Subtotal – Mandate Relief	***$0***	***($547,791,068)***	***($500,000)***	***$2,000,000***	***$2,100,000***	***$2,100,000***
Transfers, Fund Swaps, Cost Shifts/Control, and Other Actions						
Reduce Amount of Revenue Volatility Adjustment	$0	($20,000,000)	($76,669,000)	($20,000,000)	($76,669,000)	$0
Redirect Interest from Variety of Special Funds	(2,000,000)	(27,000,000)	(13,500,000)	(13,500,000)	(13,500,000)	0
Transfer – SEIF to Dedicated Purpose Account	0	90,000,000	0	0	0	0
Subtotal – Other Actions	***($2,000,000)***	***$43,000,000***	***($90,169,000)***	***($33,500,000)***	***($90,169,000)***	***$0***
TOTAL SPECIAL FUND REVENUES	**($2,000,000)**	**($504,791,068)**	**($90,669,000)**	**($31,500,000)**	**($88,069,000)**	**$2,100,000**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SPECIAL FUND EXPENDITURES						
Mandate Relief						
Reduce Mandate -- Noland Woodland Incentives/Fellowship Fund	$0	($500,000)	($500,000)	($500,000)	($500,000)	($500,000)
Suspend Pension Sweeper Payment	0	0	0	200,000	200,000	200,000
Eliminate Mandate -- Consumer Protection Division	0	700,000	700,000	700,000	700,000	700,000
Subtotal – Mandate Relief	***$0***	***$200,000***	***$200,000***	***$400,000***	***$400,000***	***$400,000***
Transfers, Fund Swaps, Cost Shifts/Control, and Other Actions						
Satisfy Mandate with Chesapeake/Atlantic Coastal Bays 2010 TF	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000	$2,500,000
Lower Fiscal Responsibility Fund Spending*	0	0	0	(20,000,000)	(76,669,000)	0
Transfer – from Certain Boards to Behavioral Health Administration	0	3,014,086	0	0	0	0
Transfer – from Integrated Care Network Fund to Medicaid	0	216,845	0	0	0	0
Alter Requirement to Purchase Only Zero-emissions Buses	0	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Eliminate Requirement for Registration Stickers on License Plates	(116,667)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)	(1,400,000)
Subtotal – Other Actions	***$2,383,333***	***($15,669,069)***	***($18,900,000)***	***($38,900,000)***	***($95,569,000)***	***($18,900,000)***
TOTAL SPECIAL FUND EXPENDITURES	**$2,383,333**	**($15,469,069)**	**($18,700,000)**	**($38,500,000)**	**($95,169,000)**	**($18,500,000)**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
FEDERAL FUND REVENUES						
TOTAL FEDERAL FUND REVENUES	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
FEDERAL FUND EXPENDITURES						
Mandate Relief						
Suspend Pension Sweeper Payment	$0	$0	$0	$200,000	$200,000	$200,000
Subtotal – Mandate Relief	***$0***	***$0***	***$0***	***$200,000***	***$200,000***	***$200,000***
Transfers, Fund Swaps, Cost Shifts/Control, and Other Actions						
Subtotal – Other Actions	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***
TOTAL FEDERAL FUND EXPENDITURES	**$0**	**$0**	**$0**	**$200,000**	**$200,000**	**$200,000**

SEIF: Strategic Energy Investment Fund
TF: Trust Fund
UI: Unemployment Insurance

*Impact is related to the Revenue Volatility Adjustment.

Note: Includes only impacts on general, special, and federal funds; any impacts that could not be reliably quantified are not reflected.

Source: Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Budget Reconciliation and Financing Act of 2024

BILL NUMBER: HB 352

PREPARED BY: Marc Nicole, Deputy Budget Secretary

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

___ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

__X__ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The Department of Budget and Management has reviewed the provisions of Senate Bill 362 and believes that in general small businesses will not be affected by the provisions of the legislation with the following exceptions:

- The reduction in lottery commissions from 6.0% to 5.5% on sales and from 3.0% to 2.0% on cashing will reduce revenue for those small businesses that serve as lottery vendors. The Lottery and Gaming Commission Agency has provided additional detail in its fiscal note response.
- The repeal of the Small Business Relief Tax Credit.