2.25 HB 352 - Budget Reconciliation and Financing
Uploaded by: Lonia Muckle
Position: FAV

HB 352 - Budget Reconciliation and Financing Act of 2025
House Appropriations Committee
February 27, 2025
SUPPORT

Chair Barnes, Vice-Chair, and members of the committee thank you for the opportunity to submit testimony in support of House Bill 352. We urge the Committee to fully pass Gov. Moore's proposed revenue package, as introduced in HB 352.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than $10,000 annually. More than half earn less than $20,000.**

Governor Moore's proposal raises much-needed revenue to fund essential services, reduces taxes for working families, and helps ensure the wealthiest individuals and large corporations contribute their fair share. Maryland families and communities cannot afford the additional $1 billion in cuts in services that would be required if the legislature does not adopt this proposal. Maryland's working families cannot afford deep cuts to the very services that help them get ahead. Public schools, childcare, and transit services are not luxuries: they are necessities that enable economic mobility and financial security. Without adequate funding, low- and moderate-income Marylanders will be the first to feel the impact, widening existing disparities and making it even harder for families to achieve stability.

This proposal is just a starting point. Adopting the Fair Share for Maryland Act (HB 1014/SB 859) would go a step further in preventing some of the other proposed cuts to public services and providing the state resources to help respond to harmful federal budget cuts. Both Gov. Moore's proposals and the Fair Share for Maryland Act would also help create a more just and equitable tax system, ensuring that the wealthy corporations and individuals who are getting a break under our current system are paying their fair share in taxes. We can't grow our economy if we are cutting back on things like public schools, childcare, and transit service. Raising significant new revenue is the right choice to support Maryland families and strengthen our communities.

HB 352 is a responsible and necessary step to protect Maryland's financial future. By ensuring that our state has the revenue to sustain essential programs, this bill strengthens our communities and promotes economic opportunity for all Marylanders.

Thus, we encourage you to return a favorable report for HB 352.

575 S. CHARLES STREET SUITE 500 BALTIMORE, MD 21201 TEL: 443-692-9487 FAX: 410-234-8929 CASHMD.ORG

Testimony HB 0352 EZ 2-27-2025 - Final.pdf

Uploaded by: Patrick Hosford

Position: FWA

gbc POSITION STATEMENT

Written Testimony to the Appropriations Committee

HB.0352/SB.0321 – Budget Reconciliation and Financing Act of 2025

Sponsors:
The Speaker, By Request – Administration

February 27, 2025

Position: Support with Amendments

Dear Members of the Appropriations Committee,

On behalf of the Greater Baltimore Committee (GBC), we submit this testimony in support of HB.0352, the Budget Reconciliation and Financing Act of 2025, with specific amendments regarding the proposed sunsetting of the Enterprise Zone program designated under Title 5, Subtitle 7 of the Economic Development Article.

As the leading voice for the private sector in the Baltimore region, the GBC is deeply committed to fostering a dynamic and inclusive regional economy. Our Multi-Year Agenda emphasizes the development of a unified and competitive framework for investment, retention, attraction, and business expansion efforts. We believe the Enterprise Zone program is indispensable to this effort, serving as a critical local-level incentive for generational investments and business development that can reshape the Baltimore Region.

The Enterprise Zone program is a highly utilized and successful tool across our region, employed by GBC regional partners. Its termination would severely impact current beneficiaries, including some of the region's and state's largest employers, and significantly damage public-private sector relations.

Established in 1982, the Enterprise Zone program has consistently driven economic growth in Maryland by incentivizing capital investments and job creation. Recent designations, such as in Howard County for the Columbia Gateway project, demonstrate its continued relevance and effectiveness.

From 2001 to 2022, $599 million in Enterprise Zone tax credits were awarded, highlighting its significant impact and **making it one of the largest State and Local business tax credits programs**. The program's growth over the past two decades underscores its success and utilization. In Cecil County alone, over 5,000 jobs have been created within the Enterprise Zone in the past seven years, generating substantial income tax revenue. Similarly, in Baltimore City, numerous major projects, including those by ASR Global, Amazon, Harbor Point, Warner Street Entertainment District, and Baltimore Peninsula, have benefited from the program. This list represents a fraction of the 267 companies certified in Baltimore City's Enterprise Zone over the past 5 years, representing over $2.8 billion in new construction, over $700 million in property rehabilitation and producing over 20 million square feet of new commercial, office and industrial buildings.

The implications extend far beyond the present. These devastating changes jeopardize the future of the Sparrows Point Container Terminal (SPCT) and the 'Crossings 95' project. SPCT, for example, is projected to expand Port of Baltimore operations by 70%, attract over $1 billion in private investment, and create 1,100 well-paying union jobs. Now is the time to protect and secure these generational investments, not undermine them.

GREATER BALTIMORE COMMITTEE
111 South Calvert Street • Suite 1700 • Baltimore, Maryland • 21202-6180
(410) 727-2820 • www.gbc.org

The program's growth has helped attract new businesses and allow businesses to expand. Effective government programs should be supported and thoughtfully assessed, especially those that have proven successful over time. We understand the State's fiscal challenges and propose a lengthened, phased approach to the program's phase-out. This would allow projects currently in the pipeline to proceed and provide time for other phase-out plans to be established, solidified, and communicated thoroughly with **regional stakeholders** and current participants.

To achieve this, we propose a five-year window for certification within existing zones (2030), reducing the program's long-term cost while still allowing current investment plans to go forward. These amendments are proposed to maintain the Enterprise Zone program's effectiveness while addressing budgetary concerns. Furthermore, we believe this prevents zone expansion after June 2025, but allows existing properties within zones to be certified throughout the zone's lifespan, honoring qualifying or soon-to-be awarded projects.

Economic development is crucial for Maryland's fiscal security. The Moore-Miller Administration champions this thought, and the Administration's plan to catalyze the private sector and drive new growth in the state of Maryland can only succeed by supporting proven and effective economic development tools like the Enterprise Zone program.

In conclusion, we support HB.0352 with the proposed amendments or with amendments that honor awarded projects, inform stakeholders, and recognize qualifying projects. The Enterprise Zone program is vital for numerous projects, attracting and expanding generational investments, increasing local revenue, and supporting sustainable growth.

We urge you to issue a favorable report on this bill with the suggested or comparable amendments.

Sincerely,

Jennifer S. Vey
Executive Vice President and Chief Strategy Officer

GREATER BALTIMORE COMMITTEE
Suite 1700. 111 South Calvert Street. Baltimore, Maryland 21202-6180
410. 727-2820. Fax 410. 539-5705

HB 352 - BRFA Enterprise Zones - NAIOP Testimony L
Uploaded by: Tom Ballentine
Position: FWA

NAIOP
MARYLAND CHAPTERS
THE ASSOCIATION FOR COMMERCIAL REAL ESTATE

February 25, 2025

The Honorable, Vanessa E. Atterbeary, Chair
House Ways and Means Committee
130 Taylor House Office Building
Annapolis, Maryland 21401

The Honorable, Ben Barnes, Chair
House Appropriations Committee
120 Taylor House Office Building
Annapolis, Maryland 21401

Favorable w Amendment: HB 352 – BRFA - Enterprise Zone Tax Credit

Dear Chair, Atterbeary, Chair Barnes and Committee Members:

The NAIOP Maryland Chapters representing seven hundred companies involved in all aspects of commercial, industrial, and mixed use real estate recommends your favorable with amendments report on portions of House Bill 352 that alter the Enterprise Zone Tax Credit.

NAIOP members are keenly aware of the importance of economic development tax credits in the recruitment of out of state businesses to Maryland and the expansion of in-state business operations. NAIOP members have applied Enterprise Zone Tax Credits periodically and acknowledge the need to consider improvements as well as better coordination between Enterprise Zone and the other incentive programs that make up the suite of economic development tax credits administered at the state and local levels.

Despite opportunities for improvement, Enterprise Zones are an important and powerful tool to leverage long term capital investments and increased tax base. According to the SDAT 2023 annual report, capital investments in Enterprise Zones of more than $4.3 billion were incentivized by just $27.1 million in state tax credits.

NAIOP is concerned that the BRFA contains language that would end the Enterprise Zone tax credit. DLS scores the budget impact of freezing enrollment in the Enterprise Zone Tax credit at only $1 million per year. This is meager savings in exchange for withdrawing state funding from an important economic development and revitalization tool relied upon by local governments and by our members to bring business to Maryland.

NAIOP joins Baltimore County and others in supporting a compromise amendment that would allow the Enterprise Zone tax credit to continue in areas that have already been designated.

For these reasons, NAIOP respectfully recommends your favorable with amendment report on House Bill 352.

Sincerely,

T.M. Ballentine

Tom Ballentine, Vice President for Policy
NAIOP – Maryland Chapters, *The Association for Commercial Real Estate*

cc: Ways and Means Committee Members
Appropriations Committee Members
Nick Manis – Manis, Canning Assoc.

HB352 BRFA Cecil CE Testimony.pdf
Uploaded by: Adam Streight
Position: UNF

Adam Streight
County Executive

Dan Schneckenburger
Director of Administration

Office: 410.996.8300
Fax: 800.863.0947

County Information
410.658.4041
410.996.5200

CECIL COUNTY, MARYLAND

Office of the County Executive
200 Chesapeake Boulevard, Suite 2100, Elkton, MD 21921

To:	Chair Delegate Barnes, Vice-Chair Delegate Chang, and Members of the *House Appropriations Committee* Chair Delegate Atterbeary, Vice-Chair Delegate Wilkins, and Members of the *House Ways and Means Committee*
From:	Cecil County Executive Adam Streight
Date:	February 28, 2025
Subject:	In Opposition to the Enterprise Zone Program sunsetting proposal of HB 352

As the Cecil County Executive, I am here today to highlight the critical role the Maryland Enterprise Zone Program has played in fostering capital investment, creating jobs, and revitalizing distressed areas within Cecil County. Please know that the Maryland Enterprise Zone Program is Cecil County's most useful and effective business attraction and expansion tool, which means it's the most important tool we have in our toolbox for incentivizing economic growth!

In the last seven years, the Cecil County Enterprise Zone designation has been instrumental in generating over 5,000 new jobs in Cecil County, with new businesses such as **Amazon**, **Smithfield**, and **Great Wolf Lodge**. We've also seen existing businesses expand, such as **Northrop Grumman**, who, with a new **Hypersonic Capability Center** in 2023, and **SCRAM & Slot Cutting Machining** built last year, has created *200 new jobs in just two years*. These new buildings represent a *$125 million investment* at Northrop Grumman's Elkton Campus, and they are still growing – Northrop Grumman will be breaking ground this year on a ***new* Engineering and Administration Building**.

From the Maryland Department of Commerce's most recent Enterprise Zones Annual Status Report, for the period of FY2021 through FY2024, Cecil County was among the *top five* jurisdictions across the state in terms of the Amount of Capital Investments made within an Enterprise Zone and one of the *top five counties* having the *largest percentage increase in investment dollars* within an Enterprise Zone. More specifically, we saw over *$1.2 billion* in capital investment within the Cecil Enterprise Zone over the four-year period! This is astonishing for a county with a population of just over 106,000 people. The resulting property and income taxes from this growth provide the revenue necessary to advance my **Public Safety, Quality of Life, Financial Stability**, and **Sustainable Growth** objectives for the betterment of all Cecil Countians.

Further, the growth generated by the Enterprise Zone Program in Cecil County is creating a ripple effect, attracting investment and economic development, not only within the county, but outside of the Enterprise Zone. Economically distressed areas like the Towns of Elkton, North East, and Port Deposit are experiencing revitalization, with infrastructure improvements, new businesses, and new jobs taking root. A prime example of this is the **Southfields of Elkton** development, which includes a variety of housing, retail and commercial uses, a hotel, and a sports tourism complex, in addition to the industrial component known as the **Elkton Commerce Center**.

To continue our growth trajectory, which strengthens the state economy, it is vital that the Maryland Enterprise Zone program remains in effect for Cecil County. Governor Moore has said that w*e need to grow our way out of the State's structural deficit*. I'm here to say that Cecil County is helping the State do just that, and it is all because of our participation in the Maryland Enterprise Zone Program! Thus, I urge you to reject the proposed sunsetting of the Maryland Enterprise Zone Program on June 30, 2025, as proposed in SB 321/HB 352, and ensure the State's continued reimbursement of 50% of the real property tax credit to Cecil County for certified properties. Without it, we would struggle to sustain this important and powerful economic development incentive. I cannot overstate how detrimental the elimination of this program in our county would be to our future economic growth and for Maryland's.

In conclusion, the Enterprise Zone program has proven to be a *transformative force* in Cecil County, driving Job Creation, Investment, and Community Revitalization. I implore you to continue supporting this important program in Cecil County so that our success can be sustained and expanded for the benefit of all Marylanders.

Adam Streight
County Executive

Teaching Artists of the Mid-Atlantic Testimony.doc

Uploaded by: Jennifer Ridgway

Position: UNF

Teaching Artists of the Mid-Atlantic (TAMA)
www.teachingartists.org
info@teachingartist.org
PO Box 212, Riverdale, MD 20738

To: Honorable Members of the House Appropriations Committee

As members of the Teaching Artists of Maryland, a chapter of the Teaching Artists of the Mid-Atlantic (TAMA), we are reaching out to passionately advocate for the urgent need for investment in the arts in our state. TAMA stands in solidarity with arts organizations, independent artists, and the countless Marylanders who benefit from robust statewide arts funding. We urge you to take the following actions:

- **Reject** the proposed elimination of the funding formula for the Maryland State Arts Council found in the 2025 Budget Reconciliation and Financing Act,
- **Support** fully funding MSAC at the mandated level of $31 million and
- **Support** fully funding the Arts and Culture Capital Grant Program at $3 million.

Governor Moore's proposed budget poses a significant threat to the stability and vibrancy of the arts in Maryland, with potential long-term consequences that could undermine the arts ecosystem and its impact on our cultural landscape. Now is not the moment to undercut the power of the arts or diminish their crucial role in enriching the lives of Maryland residents.

You may wonder, how do Teaching Artists support Maryland residents? Allow us to explain what a Teaching Artist (TA) truly is. A TA, also known as a community artist, a participatory artist, or a cultural bearer, is a professional artist engaged in established art practices. We extend our impact beyond the traditional arts sector into Education, Healthcare, Creative Youth Development, Creative Justice, and more. We have mastered our craft with specialized training, establishing teaching artistry as a unique art form. TAs design and facilitate innovative arts-learning experiences for diverse age groups in various settings, including schools, libraries, retirement homes, and healthcare facilities. Our work involves creating safe and engaging environments for learners of all ages, from infants to elders. By leveraging our skills, we foster meaningful connections, empathy, and understanding while supporting individual well-being and addressing societal challenges. Our efforts encourage personal growth and help individuals achieve lifelong creative learning goals.

Our Challenge: The Federal Department of Labor's Standardized Occupational Classification System includes 867 detailed occupations, yet it fails to recognize the vital contributions of TAs. This lack of acknowledgment forces TAs to often work without the backing of a labor union in part-time or independent contractor employment. Such classifications typically result in compensation based on hourly rates or the duration of our services, which undervalues our commitment to creating high-quality programming. Moreover, we lack traditional benefits, including healthcare contributions, pensions, sick leave, and job security. This absence of support not only reflects a troubling oversight but also places us in a precarious position, making us vulnerable to exploitation in a field that deserves recognition and respect.

Solutions Ahead: In addition to your support of the Maryland State Arts Council, we invite you to engage in visionary thinking about the role of Teaching Artists. In August 2024, TAMA recommended the inclusion of “Teaching Artist” in the Federal Department of Labor's classification system, a change poised to take effect in 2028 if approved. In the meantime, Maryland has a significant opportunity to lead by rethinking traditional policies that currently overlook our contributions. Unlike traditional arts organizations, **TAs operate at the intersection of arts, education, and community, functioning in various environments without a fixed workplace**. As small businesses, we seek to collaborate with legislators to ensure policies acknowledge and support our contributions. We urge you to consider the following actions:

- Ensure that Maryland's policies, incentives, funding, and programs recognize TAs as small businesses.
- Create financial incentive programs such as capital investments, tax credits, direct loans, and grants—similar to those awarded to other small businesses—that specifically include Teaching Artists.
- Revise Maryland's procurement system to protect Teaching Artists from being subcontracted under exploitative conditions and unsustainable wages.

Your support of TAs will place art learning and making at the forefront of Maryland’s future, enriching the state's vibrancy and ensuring its continued growth and transformation. We thank you and look forward to continuing to work with you.

Signed,

Jennifer Ridgway, Hyattsville
TAMA President
Teaching Artist (11+ years exp)
Yard Dramas
Legislative District 22

Khaleshia Thorpe-Price, Gaithersburg
TAMA Maryland Director
Teaching Artist (11+ years exp)
Dramatic Play LLC
Legislative District 39

Support. Empower. Advocate.

by, for, about Teaching Artists

This letter has garnered the support of 69 Teaching Artists, artists, arts administrators and partners, and advocates and participants across all 8 Congressional Districts, including 12 Counties (Allegany (1), Anne Arundel (1), Baltimore (3), Calvert (2), Charles (3), Frederick (5), Howard (1), Montgomery (23), Prince George's (17), Queen Anne's (1), Washington (1), Wicomico (1), plus Baltimore City (10) in 32 Legislative Districts. The list below includes 18 small businesses that Teaching Artists operate. Among the Teaching Artists listed with 11+ years of experience, many have been in the field for 20 or even 30 years and are currently training and mentoring those just starting. Yet we must be clear: these endorsements represent only a fraction of our broader community. Still, this diverse support underscores the significant impact Teaching Artists have in Maryland and the potential for future growth. It is time to recognize the importance and value we bring through our creativity, intelligence, and imagination. By doing so, we can continue to enrich Maryland's cultural landscape and contribute to the vibrancy and transformation of our state, with art-making and learning at the heart of our communities.

In 2024, the Maryland State Arts Council's Arts In Education program funded over 200 arts-learning experiences led by Teaching Artists on the Maryland State Arts Council Teaching Artist roster, totaling $874,858.

TEACHING ARTIST-LED MARYLAND BUSINESSES

Brass Ring Company

Building Better People Productions

Candy Campbell, DNP

CW Arts Center

Children's Voices of Southern Maryland

dramatic play
create and collaborate

Evergreen School

Michelle the Face Paint Lady .com
301-221-5640

InterAct Story Theatre

Liliane Blom Art Studio

Maryland Ensemble Theatre

MDW
modance works, llc

Neighborhood Creative Arts Center

Operation Arts Foundation Inc
Alliance for Responsible Trade and Sustainability

Sculpted Clay Productions
Using Creativity as a Catalyst for Change

Virtuoso
Production & Consulting, Inc.

WhisperShout Writing Workshop
Literacy Enrichment for young writers

Yard Dramas

BY LEGISLATIVE DISTRICT

LEGISLATIVE DISTRICT 1

Robert Croft
Artist
Frostburg

LEGISLATIVE DISTRICT 2

Jeffrey Harrison
Teaching Artist (11+ years exp)
Slim Harrison - Sunnyland Music, Emmitsburg

Delia Zielinski
Teaching Artist (11+ years exp)
Teaching Artist, Arts for Learning Maryland
Hagerstown

LEGISLATIVE DISTRICT 3

Susan Trainor
Teaching Artist (11+ years exp)
Frederick

LEGISLATIVE DISTRICT 4

Andrea Baker
Arts Administrator
Maryland Ensemble Theatre
Frederick

Tricia Fegley
Arts Administrator
Lucy School
Myersville

Andrea McCluskey
Artist
Frederick

LEGISLATIVE DISTRICT 9

Eva Parks
Arts Advocate and Participant
Silver Spring

LEGISLATIVE DISTRICT 10

Suzanne Herbert-Forton
Teaching Artist (11+ years exp)
Baltimore

Charles A Phelps
Teaching Artist (11+ years exp)
Alden Phelps
Hampstead

LEGISLATIVE DISTRICT 12

Alan Rubinstein
Teaching Artist (11+ years exp)
Columbia

LEGISLATIVE DISTRICT 14

Paula Cleggett
Teaching Artist (5-10 years exp)
Silver Spring

LEGISLATIVE DISTRICT 15

Leila Cabib
Teaching Artist (11+ years exp)
Rockville

Seth Sternberg
Arts Advocate and Participant
Germantown

Tabatha Yeatts
Community Partner
Rockville

Deborah Sternberg
Artist
Germantown

LEGISLATIVE DISTRICT 16

John DeMarchi
Community Partner
Bethesda

Anthony Hyatt
Teaching Artist (11+ years exp)
Moving Beauty

Bethesda

LEGISLATIVE DISTRICT 17

Liliane Blom
Artist
Liliane Blom Art Studio
Rockville

Carolyn Sharp Spears
Teaching Artist (11+ years exp)
Lynn Sharp Spears
Gaithersburg

LEGISLATIVE DISTRICT 18

Erin Antognoli
Artist
Silver Spring

Marcia Daft
Teaching Artist (11+ years exp)
Missarmia Productions, LLC
Chevy Chase Village

Tiffanie Horner
Teaching Artist (5-10 years exp)
Kensington

Ronni Jolles
Teaching Artist (11+ years exp)
Chevy Chase, Town of

Krystle Seit
Community Partner
Silver Spring

Emily Townsend
Arts Administrator
Silver Spring

LEGISLATIVE DISTRICT 19

Laura Sturza
Teaching Artist (1-4 years exp)
Rockville

LEGISLATIVE DISTRICT 20

Noa Baum
Teaching Artist (11+ years exp)
Silver Spring

Denise Jones
Teaching Artist (11+ years exp)
Brass Ring Company
Takoma Park

Heidi Mordhorst
Teaching Artist (5-10 years exp)
WHISPERshout Writing Workshop, Takoma Park

Leslie Sapp
Teaching Artist (11+ years exp)
Takoma Park

Marcie Wolf-Hubbard
Teaching Artist (11+ years exp)
Silver Spring

LEGISLATIVE DISTRICT 21

Chyna Fries
Teaching Artist (5-10 years exp)
Operation Arts Foundation Inc
Laurel

Anjali Wells
Community Partner
Creative Outlets Arts Center

Laurel

LEGISLATIVE DISTRICT 22

Loretta Foster
Teaching Artist (1-4 years exp)
Clay Happenings Again
University Park

William Friebele
Teaching Artist (11+ years exp)
Riverdale Park

Jennifer Ridgway
Teaching Artist (11+ years exp)
Yard Dramas
Hyattsville

Verónica Rivera-Negrón
Arts Administrator
Hyattsville

LEGISLATIVE DISTRICT 23

LaShawnte Holloman-Clay
Teaching Artist (11+ years exp)
Ayesis Clay, Sculpted Clay Productions LLC
Upper Marlboro

Michelle Johnson
Artist
The Face Paint Lady Inc!
Bowie

Renee Michelle Collins Georges
Teaching Artist (5-10 years exp)
Renee Georges and The Kidz MusiQ Club, Bowie

LEGISLATIVE DISTRICT 24

Alicia Oliver-Krueger
Teaching Artist (11+ years exp)
InterAct Story Theatre Education Association, Inc.
Glenn Dale

LEGISLATIVE DISTRICT 25

Glenn Eichelberger
Arts Administrator
Virtuoso Production & Consulting Inc.
Upper Marlboro

LEGISLATIVE DISTRICT 26

Alice L Robinson
Artist
Fort Washington

LEGISLATIVE DISTRICT 27

Candace A Campbell
Artist
Peripatetic Productions dba
Candy Campbell & Company
Chesapeake Beach

Christine Galante
Teaching Artist (11+ years exp)
Chesapeake Beach

LEGISLATIVE DISTRICT 28

Eve Babb
Teaching Artist (11+ years exp)
Children's Voices of Southern
Maryland, La Plata

Georgia Bonney
Arts Administrator
Neighborhood Creative Arts
Center, La Plata

Monique Walker
Teaching Artist (11+ years exp)
MoDance Works
Waldorf

LEGISLATIVE DISTRICT 29

Kayla Harley
Arts Advocate and Participant
Upper Marlboro

LEGISLATIVE DISTRICT 30

Lynne Childress
Artist
Building Better People Productions
Annapolis

LEGISLATIVE DISTRICT 36

James Reynolds
Teaching Artist (11+ years exp)
The Choptank Tolomato Legacy Project
Sudlersville

LEGISLATIVE DISTRICT 38

Ilyana Kadushin
Teaching Artist (11+ years exp)
Salisbury

Erica Smith
Teaching Artist (11+ years exp)
Raediant Movement
Riverdale Park

LEGISLATIVE DISTRICT 39

Khaleshia Thorpe-Price
Teaching Artist (11+ years exp)
Dramatic Play LLC
Gaithersburg

LEGISLATIVE DISTRICT 41

Peter Brooks
Teaching Artist (1-4 years exp)
Guided Meditations with Peter Brooks, Baltimore

Tracy Gold
Artist
Baltimore

Kathleen Kelly MacMillan
Teaching Artist (11+ years exp)
Baltimore

Joanne Margolius
Teaching Artist (11+ years exp)
Magical Experiences Arts Company, Baltimore

LEGISLATIVE DISTRICT 43

Arts Administrator
Baltimore

Sam Green
Arts Administrator
Baltimore

Deborah Kleinmann
Teaching Artist (1-4 years exp)
Baltimore

Diann Macklin
Teaching Artist (11+ years exp)
Baltimore

Maura Dwyer
Sarah Magida
Arts Advocate and Participant
Baltimore

Susan Tuberville
Teaching Artist (5-10 years exp)
Baltimore

LEGISLATIVE DISTRICT 45

Christine DeJuliis
Teaching Artist (11+ years exp)
Baltimore

LEGISLATIVE DISTRICT 47

Karen O. Brown
Teaching Artist (11+ years exp)
Mount Rainier

Melissa Richardson
Teaching Artist (11+ years exp)
Brentwood

Laura Schandelmeier
Teaching Artist (11+ years exp)
Dance Box Theater
Brentwood

Letter to Appropriations Committee HB352.pdf
Uploaded by: Jessica Worley
Position: UNF

CECIL COUNTY
CHAMBER *of* COMMERCE

February 25, 2025

Delegate Ben Barnes, Chair
House Appropriations Committee
120 Taylor House Office Building
121 Taylor House Office Building
Annapolis, MD 21401

RE: House Bill 352 Budget Reconciliation & Financing Act of 2025 (BRFA); Maryland's Status as a "Business Friendly State" and the Potential Impact of BRFA

Delegate Barnes & Members of the House Appropriations Committee:

The Cecil County Chamber of Commerce, representing over 400 businesses and organizations in Cecil County, is writing to express our serious concerns regarding the proposed HB352 - Budget Reconciliation & Financing Act (BRFA) of 2025. Our Government Relations Committee, comprised of Chamber members who monitor and provide testimony on pending legislation, has carefully reviewed this bill.

We agree with Governor Moore's assessment that Maryland must "grow our way out" of the projected $3 billion FY2026 fiscal deficit by attracting and supporting business. However, recent CNBC rankings paint a concerning picture of Maryland's business climate, highlighting the challenges in achieving this goal. Maryland's declining rankings in key areas, including overall business competitiveness (31st), tax climate (46th), and economic freedom (45th), raise serious questions about the state's ability to attract and retain businesses. These rankings reflect concerning data points such as high cost of doing business, low rankings in corporate and sales taxes, and struggles with workforce availability and preparedness.

Given these challenges, we urge you to thoroughly investigate the deficit reduction strategies within HB352 and other related legislation to ensure they "do no harm" to Maryland's economy. We are particularly concerned about the potential negative impacts of certain provisions.

Specifically, we request your careful consideration of the following questions:

Income Tax Rate: Will the proposed personal income tax rate truly improve Maryland's business climate and attract investment?

Corporate Tax Rates: Will the proposed corporate tax rates incentivize businesses to stay in and invest in Maryland?

Combined Reporting: Will incorporating "combined reporting" tax regulations genuinely increase revenue, or will it lead to revenue instability and discourage businesses from locating or expanding in Maryland?

Enterprise Zone Tax Incentive: The Enterprise Zone tax incentive has been crucial for business growth in Cecil County. Some highlights include:

203 N. Bridge St., Suite B, Elkton, Maryland 21921
410-392-3833 ◊ cecilchamber.org ◊ jworley@cecilchamber.org

- More than 5,000 jobs were created in Cecil County's Enterprise Zones in the last seven years.

- These jobs generated $6.85 Million for Cecil County.

- Current prospects projected to add 1,500-2,000 jobs over next five years.

- Featured companies include Amazon, Lidl, KeHE Great Wolf Lodge, Smithfield, Medline, Terumo, Northrop Grumman.

- Capital Investment in Cecil County Enterprise Zone (2018-2024) - $1,236,372,699

With such a positive growth record associated with this development incentive, why would the State propose removing the Enterprise Zone Program?

We understand the significant fiscal challenges facing the state. Therefore, we implore you to:

Scrutinize Revenue Projections: Carefully evaluate the accuracy and reasonableness of short-term and long-term revenue projections associated with each strategy.

Analyze Unintended Consequences: Thoroughly analyze the potential unintended consequences of each strategy, both short-term and long-term, and assess their potential to worsen the fiscal situation.

Assess Long-Term Impact: Carefully consider how these strategies will impact Maryland's business climate, both positively and negatively, over the long term.

Restore the Enterprise Zone Program by amending HB352 to remove the proposed sun setting of this development tax incentive.

We trust that you and your colleagues will make informed decisions that benefit all Marylanders and the businesses that are vital to our state's prosperity and quality of life. We are ready to assist you in any way possible. Please feel free to contact our Government Relations Committee through Jessica Worley at jworley@cecilchamber.com (410-392-3833) or Committee Chair Carl Roberts at cdennyroberts1@aol.com (443-206-3068).

Sincerely,

Cecil County Chamber of Commerce
Government Relations Committee

MCA_UNF_BRFA.pdf
Uploaded by: Nicholas Cohen
Position: UNF

maryland citizens for the arts

To:
Honorable Members of the House Appropriations Committee

On behalf of hundreds of arts organizations and artists across Maryland, we are writing urgently about Governor Moore's FY2026 Budget Proposal and the potentially devastating long-term impact it could have on the stability and vibrancy of the arts in Maryland.

In his FY26 Budget and the subsequent Budget Reconciliation and Financing Act, Governor Moore requested that the Legislature remove the 30-year arts funding formula known as the 1994 Arts Stabilization Act (ASA). At the time, legislators recognized that a sensible approach to sustaining the arts was to safeguard funding and investment in a field well-known for its power to uplift and support communities throughout the state. The ASA became the first—and only—state law mandating public funding for the arts. This historic legislation ensures stable arts funding and has shaped Maryland's arts sector into the incredible, wide-ranging industry it is today. Lawmakers and many stakeholders have celebrated this legislation for decades, and Maryland continues to enjoy a robust arts ecosystem that is a national model for sustainability and creativity.

Beyond its cultural significance, the arts in Maryland have a tremendous economic impact on the State. The U.S. Bureau of Economic Analysis recently stated that the arts in Maryland have reached an all-time economic high. Also, according to the latest Arts & Culture Production Satellite Account data, Maryland's arts sector adds nearly $13 billion to the state economy, supports more than 80,000 jobs, and provides $7.3 billion in arts-worker compensation.

Thanks to the stability provided by the ASA, Maryland's arts sector is consistently ranked among the top five states in per-capita arts investment. This strong foundation enables the Maryland State Arts Council to model equitable funding practices statewide. It ensures every county and Baltimore City benefits from a thriving and well-supported arts sector. While the arts sector understands the need for budget adjustments in lean years, the current formula allows such corrections when necessary. In short, there is no reason to eliminate a policy that has proven effective and beneficial to many.

By proposing to rescind the ASA, the Moore administration risks eroding decades of bipartisan support from Governors Schaefer, Glendening, Ehrlich, O'Malley, Hogan, and the entire Maryland General Assembly. The arts are a strategic and prudent investment for the state, generating billions of dollars in economic impact, creating thousands of well-paying jobs, and providing countless cultural experiences Marylanders enjoy daily.

Sadly, this progress is at risk. The arts are not immune to economic headwinds. Challenges over the past five years—ranging from COVID-19 to current inflation—have deeply impacted our community. Though the Maryland arts sector is no stranger to tight budgets or uncertain times, we ask that you recognize our value to the state and the access we provide for all Marylanders. Now is not the time to abandon the power of the arts or diminish their role in supporting Maryland's residents.

Therefore, Maryland Citizens for the Arts and the arts community below respectfully request that the Maryland General Assembly reject the proposed elimination of the mandated funding formula for the Maryland State Arts Council.

By maintaining this commitment, we can continue making Maryland an extraordinary place to live, work, and thrive.

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Arts Education in Maryland Schools

OPPOSE: House BIll 0352
Budget Reconciliation and Financing Act of 2025
House Appropriations Committee
House Ways and Means Committee
February 27, 2025

Arts Education in Maryland Schools (AEMS) writes **in opposition of House Bill 0352**, Budget Reconciliation and Financing Act of 2025 because of its provision to eliminate the Arts Stabilization Act of 1994.

Arts Education in Maryland Schools (AEMS) is committed to ensuring that all students in the state of Maryland have access to high quality arts education. We envision a public education system in Maryland that supports, cultivates, nurtures, and uplifts all students' creativity through a robust arts education experience so that they can thrive in a healthy society. As it is proposed, HB0352 has the potential for devastating long-term impacts on the stability and vibrancy of the arts in Maryland.

Governor Moore's proposed FY26 Budget and the subsequent Budget Reconciliation and Financing Act include the removal of the 30-year arts funding formula known as the 1994 Arts Stabilization Act (ASA). At the time, legislators recognized that a sensible approach to sustaining the arts was to safeguard funding and investment in a field well-known for its power to uplift and support communities throughout the state. The ASA became the first—and only—state law mandating public funding for the arts. This historic legislation ensures stable arts funding and has shaped Maryland's arts sector into the incredible, wide-ranging industry it is today. Lawmakers and many stakeholders have celebrated this legislation for decades, and Maryland continues to enjoy a robust arts ecosystem, including arts teachers and teaching artists, that is a national model for sustainability and creativity.

Beyond its cultural significance, the arts in Maryland have a tremendous economic impact on the State. The U.S. Bureau of Economic Analysis recently stated that the arts in Maryland have reached an all-time economic high. Also, according to the latest Arts & Culture Production Satellite Account data, Maryland's arts sector adds nearly $13 billion to the state economy, supports more than 80,000 jobs, and provides $7.3 billion in arts-worker compensation. The state of Maryland has committed to ensuring that its students are College and Career Ready through the Blueprint for Maryland's Future; the arts sector is one of those vibrant career fields for which many Maryland public school students are being prepared.

Thanks to the stability provided by the ASA, Maryland's arts sector is consistently ranked among the top five states in per-capita arts investment. This strong foundation enables the Maryland State Arts Council to model equitable funding practices statewide. It ensures every county and Baltimore City benefits from a thriving and well-supported arts sector. While the arts sector understands the need for budget adjustments in lean years, the current formula allows such corrections when necessary. In short, there is no reason to eliminate a policy that has proven effective and beneficial to many.

State funding for the arts also supports arts learning in the PK-12 classroom space. Experiences such as cultural field trips, artist residencies, and after school and summer programs provide rich and unique learning opportunities for students. In some schools where inadequate resources have not allowed for full-time arts staffing, these community arts experiences are the only arts engagement that Maryland students receive.

The proposed rescinding of the ASA risks eroding decades of bipartisan support from past Governors and the entire Maryland General Assembly. The arts are a strategic and prudent investment for the state, generating billions of dollars in economic impact, creating thousands of well-paying jobs, and providing countless cultural experiences Marylanders of all ages enjoy daily. Though the Maryland arts sector is no stranger to tight budgets or uncertain times, we ask that you recognize our value to the state and the access we provide for all Marylanders. Now is not the time to abandon the power of the arts or diminish their role in supporting Maryland's residents. Particularly in the current climate of uncertainty brought about by the federal administration's actions, we need the arts now more than ever to stay connected and strong.

Therefore, Arts Education in Maryland Schools (AEMS) respectfully requests that the Maryland General Assembly reject the proposed elimination of the mandated funding formula for the Maryland State Arts Council. By maintaining this commitment, we can continue making Maryland an extraordinary place to live, work, and thrive.

For these reasons, AEMS **urges the committees to oppose HB 0352.**

Thank you for your time and consideration.

For questions, please contact AEMS Executive Director Rachel McGrain at rmcgrain@aems-edu.org.

BRFA DBM Testimony - 2025 Session (2).pdf
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HOUSE BILL 352/SENATE BILL 321

BUDGET RECONCILIATION AND FINANCING ACT OF 2025

House Appropriations Committee
February 27, 2025

Senate Budget & Taxation Committee
February 28, 2025

Testimony by

Helene Grady
Secretary of Budget and Management

HB 352/SB 321, the Budget Reconciliation and Financing Act of 2025 (BRFA), implements several actions to balance the FY 2025 and FY 2026 budgets and to provide out-year structural budget relief. These budget actions provide approximately $8.8 billion in General Fund savings and increased revenue through FY 2030, including $3.0 billion between FY 2025 ($767 million) and FY 2026 ($2.23 billion). The bill also provides budgetary / revenue relief to non-general fund sources in excess of $3.8 billion over this same time period, including $2.7 billion in relief to the Transportation Trust Fund.

Background

The Moore-Miller Administration introduced its proposed budget for FY 2026 in the midst of profound and unprecedented challenges confronting Maryland State government. In December 2024 the Department of Legislative Services (DLS) reported a historic $2.95 billion General Fund projected shortfall for the State's Fiscal Year 2026 (beginning July 1, 2025)—greater than any shortfall in at least 20 years including during the Great Recession.

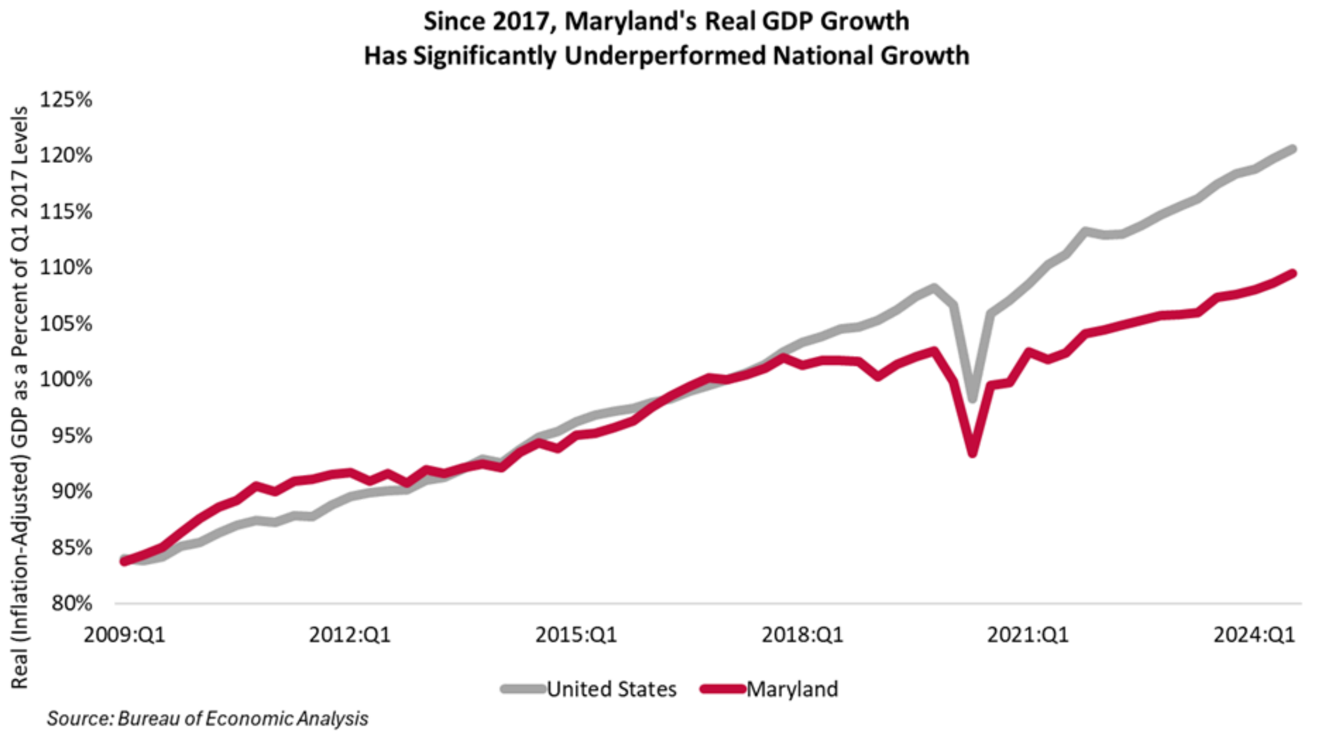
The budget challenge will be exacerbated by the policy changes that President Trump and the Republican-led Congress are pursuing, including cutting federal spending, slashing safety net programs and altering the tax code, all of which could negatively impact Maryland's workforce, economy, and budget.

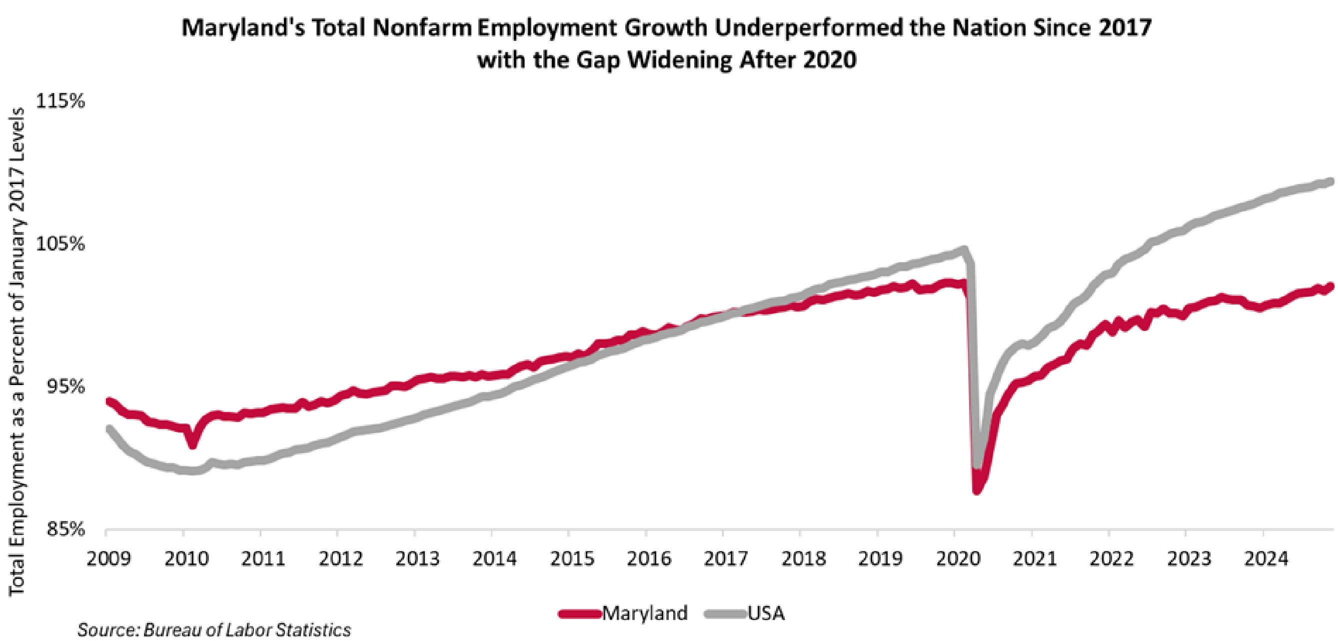
The Administration has warned of the challenging outlook since before the release of its first budget in 2023. Over the last two years, we have made targeted spending reductions alongside responsible investments to narrow the budget gap. This Administration's first budget proposal left an $820 million cash surplus, 10 percent reserve in the Rainy Day Fund, and preserved $1 billion to fund the Blueprint and strategic transportation projects. In the FY 2025 budget, the Administration worked with the General Assembly to close an operating gap of $1 billion and continue to maintain just under 10 percent reserve in the Rainy Day Fund. Budget reductions approved by the Board of Public Works in July 2024 reduced General Fund expense by another $148 million in FY 2025.

As we enter this next and more challenging phase of this work, it's important to keep in mind how we got here. The factors that drove our State's cash surplus in the Fall of 2022—like many states around the country—were external to Maryland and would not be sustained. An infusion of federal pandemic-related aid led to unsustainable commitments and spending growth.

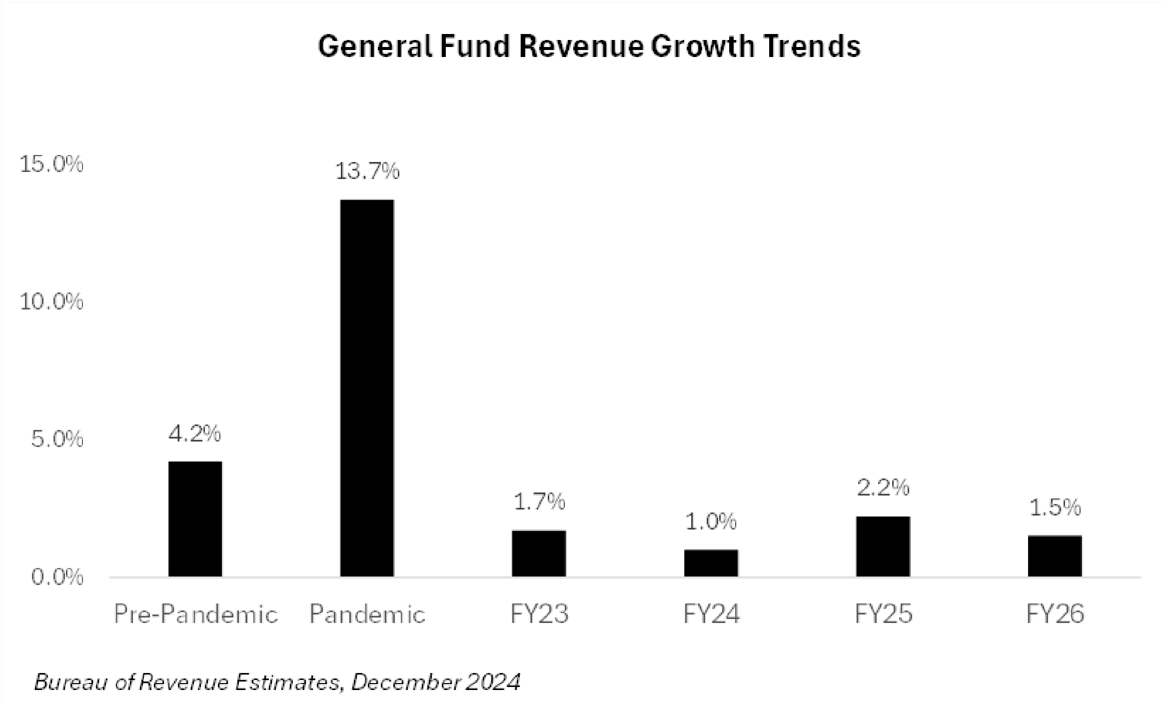
The State operating budget grew at a significant clip through the pandemic. From FY 2019 through FY 2023, the total budget (all funds) grew by $20 billion from $44 billion to $64 billion—45 percent growth in four years. The General Fund grew by 55 percent or $10 billion over the same period, from $18 billion in FY 2019 to $28 billion in FY 2023. Therefore, when we talk about cost reductions, rebasing budgets, or efforts to focus our resources around State government's core priorities, we are doing that from an all-time high level of program spend. Post-reductions, many of our programs are still at a level of investment that would have been hard to imagine just a few years ago.

However, even with record public investment over the period since FY 2019, the State's economic growth was stagnant, in terms of population, jobs, and GDP growth, while the nation and many of our neighboring states experienced strong growth. While Maryland is beginning to see progress on key metrics with a historically low unemployment rate, recent employment gains, and real GDP growth in Maryland matching the national rate in Q3 of 2024, it will take continued intentional strategy and targeted investments to build on this recent momentum.





As a result of stagnant economic growth since 2017, Maryland's State revenues haven't kept pace with the significant increase in the cost of delivering services. General Fund revenues grew only 1.0 percent in FY 2024 over FY 2023 and are projected to increase 2.2 percent in FY 2025 and only 1.5 percent in FY 2026.



Budget Strategy

This proposed budget builds on Maryland's legacy of protecting its AAA bond rating and includes innovative approaches to inherited challenges. The Governor's budget as introduced:

- Flips the projected cash shortfall of $2.95 billion to **a positive cash ending balance of $106 million** in FY 2026;
- Reduces the **structural deficit** for FY 2026 from a projected $2.5 billion to **$186 million** per DLS' scoring;
- Maintains a **Rainy Day Fund balance of 8.0 percent of General Fund revenues** in FY 2026 ($2.05 billion) to weather the uncertainties (compared to 5 percent historically prior to the pandemic);

Further, the Administration continues to focus on investments and policy decisions that will drive strong economic results for Maryland. This Administration is squarely focused on investments to increase population and jobs and bring labor force participation back to pre-pandemic levels. These are critical factors to help us compete better for GDP growth, drive economic mobility for Marylanders, and enhance State revenues. We also continue to focus on supporting the services that Marylanders care the most about—public safety, education, access to jobs, health care, housing, and transportation.

Accomplishing all that is proposed in the budget required hard choices and tradeoffs, including reining in areas of significant expense growth from recent years and reprioritizing funds where the investment has not directly aligned with visible outcomes for most Marylanders. Many of these proposals are reflected in this BRFA.

On the revenue side, the reforms in the Governor's budget create a significantly simpler and fairer tax system for Maryland, while also delivering a tax cut for nearly two-thirds of Maryland households and putting the State on a path to be stronger and more competitive in the future.

When budgets are tight, our top priorities come more into focus and analyzing results is key to ensuring the State government is working for Marylanders. The Administration has proposed a package of very difficult tradeoffs, and we look forward to a continued conversation with the General Assembly and the Maryland public during the rest of this legislative session. Meanwhile, we remain focused on directing State resources to key investments that deliver results for our most core priorities, strengthen our economic competitiveness, and position the State to emerge stronger and better.

Mandate Relief

The BRFA allows the Administration to propose meaningful mandate relief in both the short and long-term to address the State's structural budget challenge. To this end, the BRFA includes the following provisions:

- Requires local governments to pay half of the mandated State retirement increase from FY 2025 to FY 2026 for teachers at K-12 schools and staff at community colleges, excluding the separate reinvestment provision. This additional required contribution is a set amount in all future years. With this provision, the net local share of teacher retirement costs for FY 2026 is $536.4 million, or 33.5% of teacher retirement costs.
    - FY 2026 GF savings - $97.7 million
- Allows Project CORE to be funded with General Obligation Bonds or general funds in FY 2026 and the out years.
    - FY 2026 GF Savings - $50 million
- Amends the State/local share for the Nonpublic Placement Program. The State is required to pay 70% of approved costs for students placed in Nonpublic schools in excess of 300% of the calculated basic costs, with the remainder of the costs paid by local schools, and the provision would revise this to 60% State in FY 2026 then 50% State in FY 2027 and each year after. The costs for the Nonpublic Placement Program have been growing at a high rate in the last few years due partially to the requirement for teacher pay parity.
    - FY 2026 GF Savings - $25 million

Nonpublic Placement Program State (GF) Spending, $ Millions

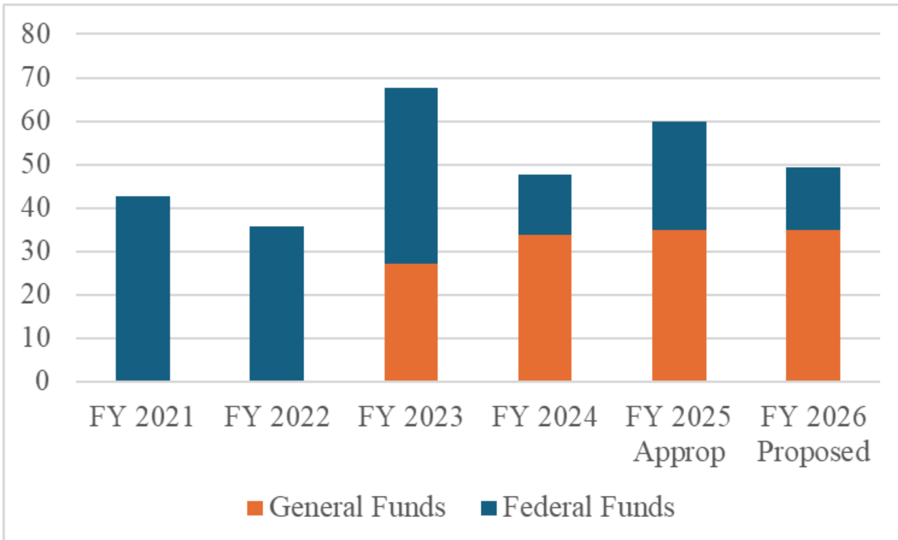
	FY 21	FY 22	FY 23	FY 24	FY 25 Approp	FY 26 Est	FY 26 Proposed
Actual/Project	114.2	126.7	141.4	148.6	151.6	172.1	147.1

- Phases out the mandated funding to certain jurisdictions for teacher retirement supplemental grants, reducing by half in FY 2026 and eliminating the grant program starting in FY 2027. The grant program is intended to assist specified jurisdictions with the impact of sharing teachers' retirement costs. It has been over a decade since these costs were shifted, giving local jurisdictions time to adjust to them.
    - FY 2026 GF Savings - $13.8 million
- Makes funding for expedited major IT projects discretionary. $15 million remains in the allowance for expedited projects in FY 2026 following the contingent reduction, supporting smaller IT projects to improve overall IT modernization at state agencies.
    - FY 2026 GF Savings - $13.8 million
- Alters the Victims of Crime Act (VOCA) $60 million mandate, where the State is required to make up for federal grant declines, and changes it to a $35 million general fund mandate, level funded

from FY 2025. The amount that the State received in federal funds for the VOCA program has declined by 77% since FFY 2018 from a height of $61 million to only $14 million in FFY 2024.

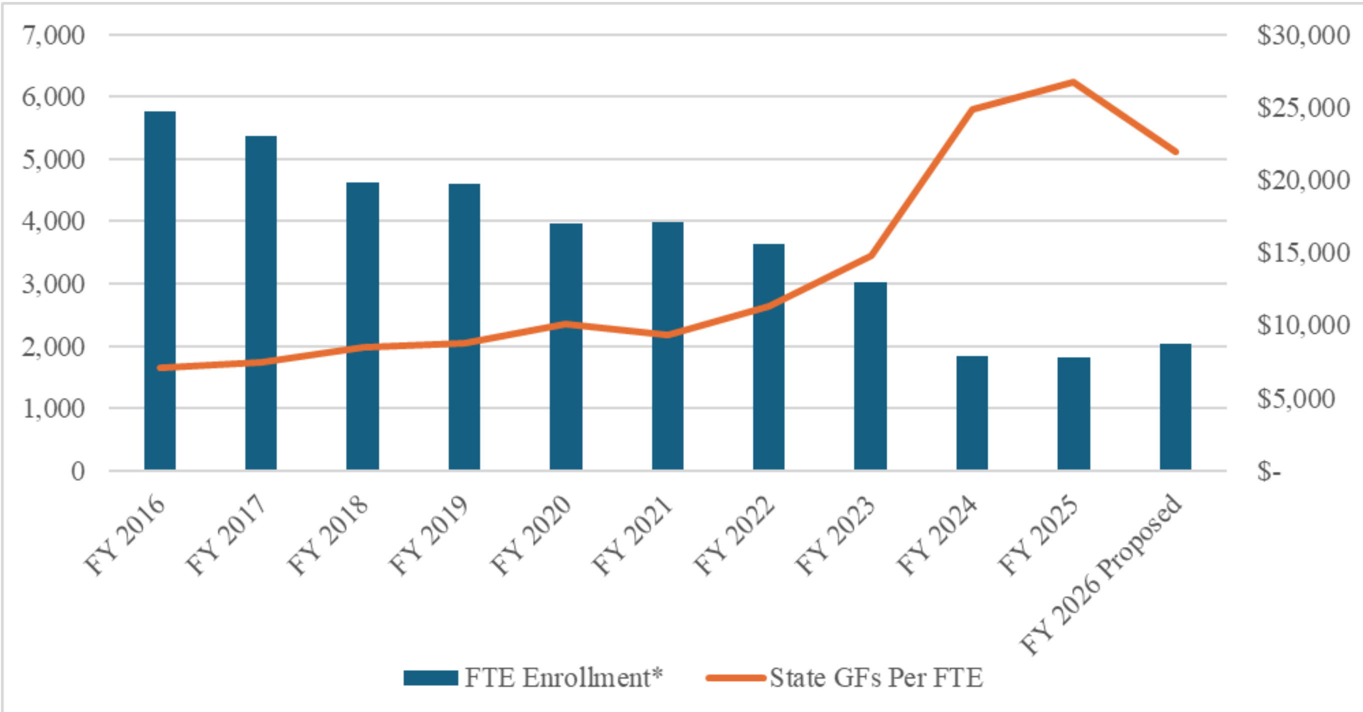
  - FY 2026 GF Savings - $10.8 million

VOCA Funding History, $ Millions



- Eliminates the mandate to provide $10 million to the School Safety Fund but retains the mandate to provide $10 million in spending authority. The FY 2026 allowance assumes that the $5 million general fund reduction will be in FY 2026 only, relying on fund balance in that year to sustain the same level of spending, and that $10 million in general funds will be provided annually to the Fund in FY 2027 and the outyears.
  - FY 2026 GF Savings - $5 million
- Reduces the mandate for the Police Officer and Probation Officer Loan Assistance Repayment Program in perpetuity from $5 million to $200,000 to be in line with actual program expenditures.
  - FY 2026 GF Savings - $4.8 million
- Reduces the mandate for the Police Officer and Probation Officer Scholarship Program in perpetuity from $5 million to $500,000 to be in line with actual program expenditures.
  - FY 2026 GF Savings - $4.5 million
- Reduces the Baltimore City Community College (BCCC) funding formula by $3.6 million as the hold harmless provision in the formula has meant funding for BCCC has not matched enrollment trends. Even with the proposed BRFA item, state funding per pupil for BCCC has grown by 134% since FY 2021.
  - FY 2026 GF Savings - $3.6 million

Baltimore City Community College Enrollment and Funding History



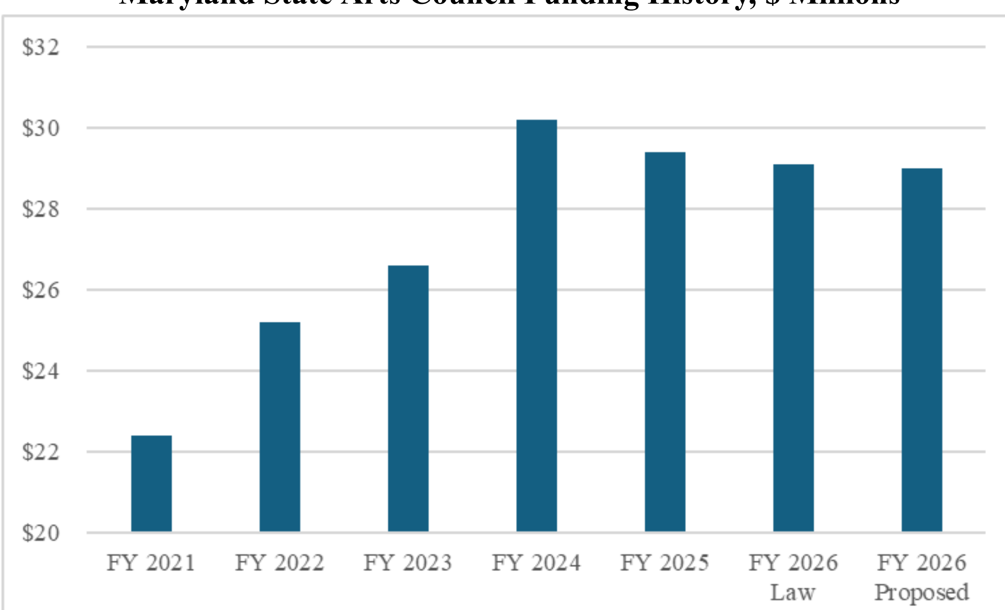
*Due to timing of data, funding is based on enrollment from two years prior, i.e. fall 2024 aligns with FY 2026 funding.

- Reduces the funding mandate for tree planting in the Department of Agriculture from $2.5 million to $500,000, as the Department has struggled to spend the full $2.5 million due to the limited available agricultural land that does not already have forest buffers.
    - FY 2026 GF Savings - $2 million
- Reduces the mandate for the Young Adult Service Year from $15 million to $13 million in FY 2026 only. The program has sufficient fund balance to serve the projected number of participants with this reduction.
    - FY 2026 GF Savings - $2 million
- Reduces the mandate for the Long-Term Care and Dementia Care Navigation Program from $2.4 million to $1.2 million annually, level funding at its first year level of $1.2 million in FY 2025.
    - FY 2026 GF Savings - $1.2 million
- Eliminates the requirement to appropriate at least $1 million annually to the Maryland Patient Safety Center Fund in the Maryland Department of Health. The mandate was established by Chapter 529 of 2022.
    - FY 2026 GF Savings - $1 million
- Reduces funding for Warrant and Absconding Grants by $1 million in FY 2026, level funding the program to FY 2025 following a $1 million reduction by the Board of Public Works in July 2024.
    - FY 2026 GF Savings - $1 million
- Rebases funding for the Maryland Public Broadcasting Commission and eliminates mandated growth in the future. In FY 2021, the agency received $9.1 million in general funds. Their FY 2026 allowance before the BRFA would be $14.1 million, a 55% increase. The allowance reduces this by $0.8 million so the increase over FY 2021 is closer to 46%.
    - FY 2026 GF Savings - $778,897
- Eliminates the Maryland Watermen's Microloan Program mandate one year early. Due to loan repayments and the fund balance for the program, the program will still be operational in FY 2026.

- FY 2026 GF Savings - $500,000

- Reduces the mandates for the Career Pathways for Healthcare Workers program from $1 million to $500,000 annually starting in FY 2026, bringing funding closer in line with actual expenditures.
  - FY 2026 GF Savings - $500,000
- Eliminate the mandated funding formula for St. Mary's College of Maryland so that the State funds that are allocated to the College each year are dictated in the same manner as other similar higher education institutions. Note that the Administration is proposing an amendment to remove this provision from the BRFA via amendment, with further detail later in the document.
  - FY 2026 GF Savings - $416,847
- Shifts the Financial Consumer Protection Mandate from General to Special Funds.
  - FY 2026 GF Savings: $350,000
- Makes funding for the Maryland Native Plants Program discretionary.
  - FY 2026 GF Savings: $250,000
- Ends the mandates for the Maryland Forestry Education Fund one year early. Funding was also eliminated in FY 2025 so, as result of this provision, the program will have never been funded.
  - FY 2026 GF Savings - $250,000
- Makes funding discretionary for the Montgomery County and Prince George's County Rent Courts program, established in statute starting in FY 2026.
  - FY 2026 GF Savings - $200,000
- Reduces the mandated amount for the Maryland New Start Act, first funded in FY 2024, from $200,000 to $50,000 starting in FY 2025.
  - FY 2025 GF Savings - $150,000
  - FY 2026 GF Savings - $150,000
- Eliminates mandated growth for the Maryland State Arts Council (MSAC) starting in FY 2026. General funds for MSAC have grown from $22.4 million in FY 2021 to $29.0 in FY 2026 including the BRFA provision, a 30% increase.
  - FY 2026 GF Savings - $119,451

Maryland State Arts Council Funding History, $ Millions



- Reduces the mandate for the Maryland Center for Construction Education and Innovation (MCCEI), a public-private partnership located at Towson University that supports education and

training in construction fields, from $625,000 to $531,250 starting in FY 2026. This reduction level funds the program from FY 2025 following reduction by the Board of Public Works in July 2024.
  - FY 2026 GF Savings - $93,750
- Eliminates the requirement for $12 million in general funds for the 9-8-8 Trust Fund to be included in the FY 2025 budget since there are special funds supporting the program and allows the remaining appropriation to be cut following a $9 million reduction by the Board of Public Works in July 2024.
  - FY 2025 GF Savings - $3 million
- Repeals the required "sweeper" contribution to the Rainy Day Fund for FY 2026 only, leaving a balance equal to 8.0% of the December 2024 Board of Revenue Estimates' projection of FY 2026 General Fund revenues.
  - FY 2026 GF savings - $419.5 million
- Repeals the required "sweeper" contributions to the Postretirement Health Benefits Trust Fund and State Retirement and Pension Fund for FY 2026 and the out years. The budget continues to fully fund the pension system's actuarially required contribution (ARC), as the sweeper mandate was in excess of the ARC.
  - FY 2026 GF Savings - $50 million
- Repeals the required "reinvestment" contribution to the State Retirement and Pension Fund in FY 2026 and the out years. The budget continues to fully fund the pension system's ARC, as this reinvestment mandate was in excess of the ARC.
  - FY 2026 GF savings - $43.6 million

In addition, the bill reduces the following special fund mandates, offsetting costs that would otherwise become general fund costs.:

- Reduces funding to the Maryland Consortium on Coordinated Community Supports from $130 million to $40 million in FY 2026 and each fiscal year thereafter, level with the FY 2025 amount. With the Blueprint for Maryland's Future Fund facing significant shortfalls starting in FY 2028, this provision will help to extend the Blueprint Fund's solvency.
  - FY 2026 SF Savings - $90 million
- Eliminates the mandate to provide $13 million annually for the Maryland Department of Health for the purposes of Statewide Academic Health Center Cancer Research Grants. This mandate has historically been funded by the Cigarette Restitution Fund (CRF). Due to declining CRF revenues and an effort to spend within the annual revenues, the BRFA provision would eliminate this funding mandate.
  - FY 2026 SF Savings - $13 million
- Phases out the $1 million annual mandate for Cigarette Restitution Funds (CRF) to the Tri-County Council for Southern Maryland to the Maryland Forestry Education Fund, reducing the mandate by $250,000 each year for four years until it is completely eliminated in FY 2029. Given recent declines in CRF revenues, this provision helps to offset costs that would otherwise become general fund costs.
  - FY 2026 SF Savings - $250,000

Maryland Tax Reform: Simpler, Fairer, Pro-Growth, and Lower for Most

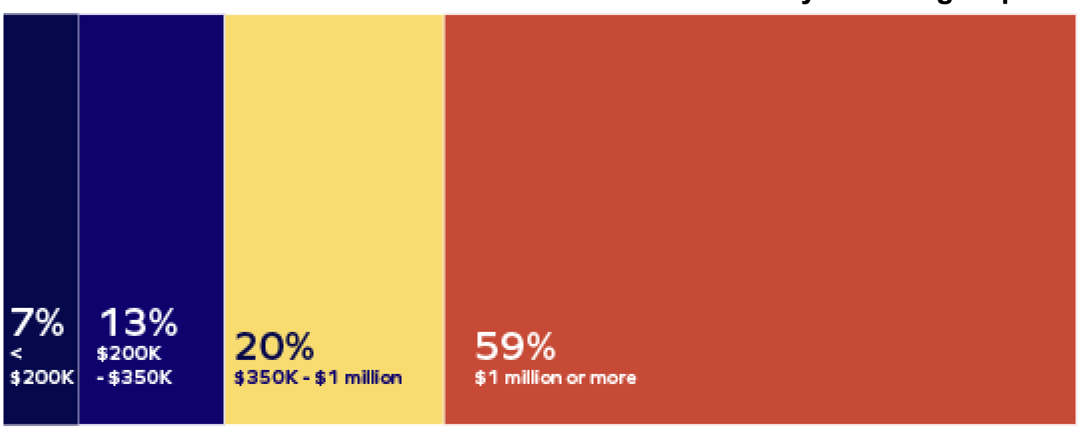
To make smart investments and ensure we are the state that serves, Maryland needs a tax system that is simpler, fairer, and built for the state's future growth and prosperity. Maryland's current tax system is unnecessarily confusing, burdensome, and redundant. It's also vulnerable to the ongoing chaos in Washington, where unpredictable federal tax changes could harm the state's taxpayers or its revenue. As the governor has said, one thing all Marylanders agree on is that our tax system does not make sense.

That’s why the Moore-Miller Administration did not simply propose a tax increase to balance our budget, but instead presented a bold tax reform. The proposed income tax reform package raises roughly $800 million for Maryland’s schools, public safety, and economic development, while simultaneously delivering a tax cut to nearly two-thirds of Marylanders. In total, 82 percent of Maryland households would see a tax cut or no change, with tax cuts targeted at working families and the vast majority of the revenue coming from our state’s highest-earning households.

Change in tax liability, individual income tax reforms

Source: Maryland Department of Budget and Management using Bureau of Revenue Estimates data.
Note: Does not include the capital gain surcharge or the expanded child tax credit.

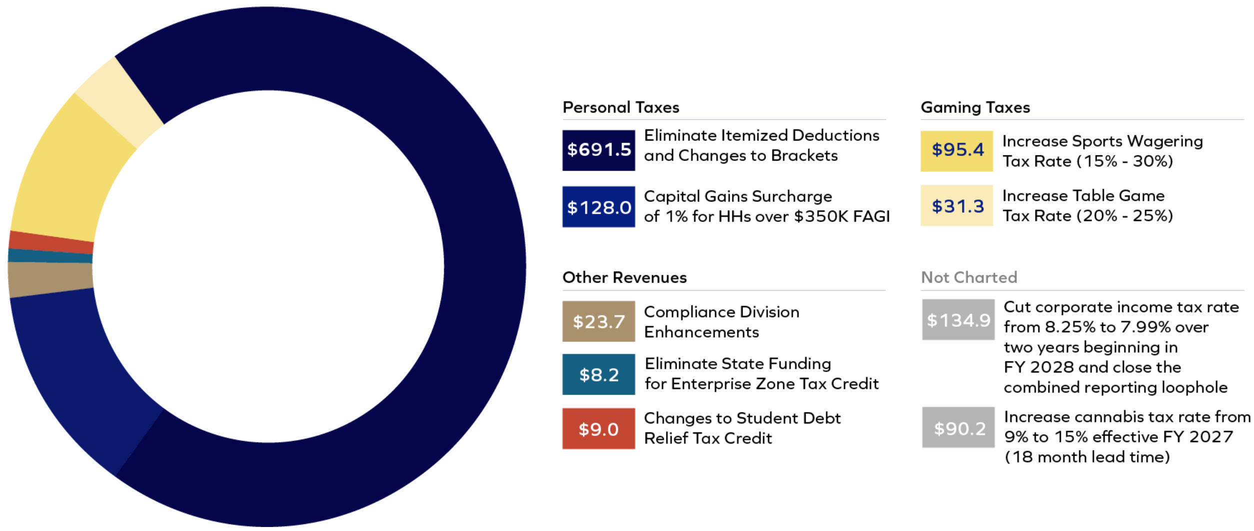
Share of net individual income tax revenue contribution by income groups



Source: Maryland Department of Budget and Management using Bureau of Revenue Estimates data.
Note: Includes the capital gain surcharge. Net revenue accounts for both tax increases and tax decreases in the overall tax reform package.

This is why the Center on Budget and Policy Priorities championed Gov. Moore’s reforms as a “blueprint [that] more states should follow” and concluded his plan will “enable [Maryland] to invest in its own future.” The reforms would also significantly simplify Maryland taxes for all residents and businesses. The conservative Tax Foundation said the Governor’s reforms are a “responsible approach” that “align with the principles of simplicity, transparency, and neutrality.” Overall, these tax changes would strengthen working families and keep Maryland as an attractive location for business growth and expansion.

In addition to reforming the income tax, the Governor’s proposal also makes important changes to the corporate income tax, death taxes, gambling taxes, and the cannabis tax. In total, these reforms raise roughly $1 billion to help ensure Maryland is safer, more affordable, and more competitive.



Specific revenue actions in the BRFA include:

- Reforms Maryland's individual income tax. While these policy changes ultimately raise revenue, the reform package is a combination of tax cuts and tax increases. Doubling the standard deduction and eliminating a rule that limits the standard deduction for low-income workers delivers a tax cut to nearly two-thirds of Maryland households and ensures 82 percent see a tax cut or no change. Eliminating itemized deductions and adding two new tax rates on large amounts of income ($500,000 and $1 million for single filers) raise revenue for our investments.

  Raising the standard deduction is a simple and effective way to deliver tax relief to all taxpayers and specifically target benefits at working families. In contrast, tax policy experts view itemized deductions (at both the federal and state level) as "expensive, regressive, and often ineffective" (Brookings, 2012) and "overwhelmingly favor[ing] upper-income households, complicat[ing] the tax code, and are poorly targeted" (ITEP, 2025). Specifically, there is no evidence that state-level itemized deductions encourage home purchases or charitable giving, in part because state benefits are significantly smaller than federal benefits (which are unaffected by the reforms). As a 2019 ITEP report concluded, "State itemized deductions are often touted as tools for incentivizing … giving to charity or purchasing a home. But design flaws, combined with the inherent limits of using state tax policy to shape behavior, conspire to make these deductions ineffective."

  Maryland itemized deductions include mortgage interest, property tax, charitable contributions, and extreme medical expenses.[1] They do not include other adjustments to income on both the federal and Maryland tax return (e.g., student loan deduction) or Maryland-specific adjustments (e.g., exemption for military retirement income). Eliminating itemized deductions does not affect business expenses or deductions. The only direct effect on pass-through business income in the reform package are the tax rate changes, and those would only apply to a business earning more

[1] A taxpayer can only claim a medical expense deduction if their eligible out-of-pocket medical payments exceed 7.5 percent of their adjusted gross income. Payments made by the government, an insurance company, or Health Savings Account (HSA) are not eligible.

than $500,000 in profit (not revenue).
    - FY 2026 GF Savings – $691.5 million
- Expands Maryland's child tax credit (CTC). Under current law, a family cannot claim Maryland's CTC if they earn one dollar above the $15,000 income limitation. The Governor's proposal expands access to families earning above that threshold and delivers an average CTC benefit of $363 to thousands of Maryland families with young children.
    - FY 2026 GF Cost – The original estimate did not include the CTC expansion, but a follow-up analysis published on Feb. 6, 2025 said the cost was "modest."
- Enacts a 1% temporary surcharge on capital gain income for households with more than $350,000 in federal adjusted gross income (FAGI) to sunset after four years. Households earning less than $350,000 in FAGI are exempt from the surcharge. The surcharge would only apply to capital gains (i.e., the difference between what an asset was purchased for and what it was sold for, not simply the sale price) and account for existing restrictions on capital gain income, most notably the exemption for profit (not sale price) on the sale of a primary home ($250,000 for single filers and $500,000 for married filers).
    - FY 2026 GF Savings – $128 million, with the revenue earmarked for economic growth initiatives in the budget
- Adopts combined reporting and lower the corporate income tax rate from 8.25% to 7.99%. Water's edge combined reporting, a rule used by 28 of the 45 states with a corporate income tax, would close loopholes and prevent large corporations from shifting income out of Maryland. Combined reporting would not affect small businesses that do not pay the corporate income tax or any business that does not own subsidiaries in other states. Lowering the corporate income tax rate (in two consecutive years) would make Maryland more competitive in attracting and retaining businesses. Both changes would not take effect until FY 2028 but, in combination, would raise revenue in future fiscal years.
    - FY 2026 GF Savings - $0
- Eliminates the inheritance tax and reduce the estate tax exemption to $2 million. This reform would end Maryland's distinction as the only state with two death taxes in a revenue-neutral way. Currently, the inheritance tax applies to estates valued as low as $50,000, meaning many middle-class families will be unburdened by death taxes as a result of this reform. The estate tax's exemption and marginal tax rates also prevent estates valued at just over the exemption level from paying large estate tax bills.
    - FY 2026 GF Savings - $0
- Increases the mobile sports wagering tax rate from 15% to 30%. Maryland's mobile sports betting tax rate is well below the rates used in Pennsylvania (37%) and New York (51%), two states that bring in significantly more per capita revenue from sports betting taxes than Maryland. The tax is paid by the sportsbook and not the person placing the wager. The rate increase would not apply to bets placed at brick-and-morter sportsbooks. We propose that this incremental revenue support the General Fund through FY 2027 then be directed to the Blueprint Fund in FY 2028 and after.
    - FY 2025 GF Savings - $7.5 million
    - FY 2026 GF Savings - $95.4 million
- Increases the table game tax rate from 20% to 25%. Maryland's rate is lower than the rate for table games in Pennsylvania, Virginia, and West Virginia. The tax is paid by the casino and not the person placing the wager. We propose that this incremental revenue support the General Fund through FY 2027 then be directed to the Blueprint Fund in FY 2028 and after.
    - FY 2025 GF Savings - $2.5 million
    - FY 2026 GF Savings - $31.3 million
- Increases the cannabis tax rate from 9% to 15%. This change does not take effect until July 2026. Maryland has one of the lowest cannabis tax rates in the nation. Cannabis prices are affected by

numerous factors other than tax, and evidence from other states show that states can run effective cannabis markers with high tax rates. For example, Washington state has a 37% tax rate and some of the lowest-priced retail cannabis of any state allowing legal sales. The incremental revenue is proposed to be directed entirely to the General Fund.
    - FY 2026 GF Savings – $0
- Eliminates the downward adjustment to General Fund revenues from Revenue Volatility from FY 2026 through FY 2029.
    - FY 2026 GF Savings – $272.1 million
- Allows the mandated Social Equity Partnership Grant Program to be supported by cannabis special funds, for a GF expenditure savings of $5 million listed below. However, as 50% of these special funds go to the General Fund, this in turn costs the State $2.5 million in general fund revenues.
    - FY 2025 GF Cost – $2.5 million
    - FY 2026 GF Cost – $2.5 million
- Freezes enrollment for the Enterprise Zone Tax Credit. The Department of Legislative Services in 2022 found no evidence that this credit creates jobs for residents of the Enterprise Zones. This estimate reflects both $1 million in income tax credit revenue savings and $7.2 million in budgeted property tax savings in the State Department of Assessments and Taxation.
    - FY 2026 GF Savings - $8.2 million
- Reforms the Student Debt Relief Tax Credit. The tax credit is not currently achieving its goals. For example, it provides support to students with incomes greater than $300,000. This proposal reduces the credit's funding allocation for FY 2026 and directs the remaining funds to the state workforce. as the Maryland Higher Education Commission develops a proposal to better target the credit for the desired policy outcomes.
    - FY 2026 Savings – $9 million
- Redirects interest from the Strategic Energy Investment Fund to the General Fund.
    - FY 2025 GF Savings - $35 million
    - FY 2026 GF Savings - $30 million
- Removes the mandate to provide funding from revenues from vehicle registration fees for the Diver Education in Public High Schools Fund ($2 million) and the State-Aided Institutions Field Trip Fund ($600,000) starting in FY 2026. This requirement was established by CH 857 of 2024. CH 747 of 2023 requires that the budget include $500,000 starting in FY 2025 to support field trips to museums of cultural import. That separate mandate is not impacted by this provision.
    - FY 2026 GF Savings – $2.6 million
- Limits the admissions and amusement tax revenue transferred to the Maryland E-Nnovation Incentive Program to $8.5 million annually, with the remainder attributable to a tax rate of 20% directed to the State General Fund. Given existing fund balance and program experience, it is not projected that this revision will impact program activity in the forecast period.
    - FY 2026 GF Savings – $2.5 million
- Eliminates the ability for the More Jobs for Marylanders (MJM) Reserve Fund in the Department of Commerce to retain excess appropriation beyond issued tax credit certificates. Excess amounts will automatically revert to the General Fund.
    - FY 2026 GF Savings – Indeterminate

Fund Transfers / Authorized Uses

The BRFA expands the allowable use of certain funds or revenues for specified purposes.

- Allows a one-time transfer of $16.4 million from the Program Open Space – State fund balance to support operating expenses in the Maryland Park Service (MPS), preventing a significant reduction

in services and limitation of park hours resulting from the lowest transfer tax appropriation since FY 2017.
    - o FY 2026 GF cost avoidance - $16.4 million
- Expands the allowable uses of the Waiting List Equity Fund (WLEF). The WLEF is used to support individuals entering Developmental Disabilities Administration (DDA) waiver services through emergency and non-emergency pathways, but because of current restrictions on the use of the fund, the balance has been growing in recent years. This BRFA would allow 100% spending of the Fund on non-emergency pathways.
    - o FY 2025 GF savings - $15 million
- Allows up to $10.5 million from the 2010 Trust Fund to support operating expenses in the Department of Natural Resources. Savings decrease in future years as the forecast only assumes $6.5 million of the allowable $10.5 million special funds to be swapped based on projected Trust Fund balances.
    - o FY 2026 GF savings - $10.5 million
- Allow Strategic Energy Investment Funds (SEIF) to be used to pay all costs associated with the Maryland Department of the Environment's Air And Radiation Administration (ARA), offsetting general fund costs.
    - o FY 2025 GF savings - $6.6 million
    - o FY 2026 GF savings - $6.1 million
- Expands the use of the Maryland Emergency Medical System Operation Fund (MEMSOF) in FY 2025 and FY 2026 only to allow the use of the MEMSOF on general operations of the State Police's Aviation Division. In recent years, the General Fund had to support MEMSOF-eligible costs in the Aviation Division due to MEMSOF solvency concerns.
    - o FY 2025 GF savings - $5.5 million
    - o FY 2026 GF savings - $5.5 million
- Allows the mandated Social Equity Partnership Grant Program to be supported by cannabis special funds. As 50% of these special funds go to the General Fund, this in turn costs the State $2.5 million in General Fund revenues annually as listed above.
    - o FY 2025 GF savings - $5 million
    - o FY 2026 GF savings - $5 million
- Transfers $4 million from health regulatory boards to offset General Fund costs in the Behavioral Health Administration. All related boards have fund balances in excess of 20% of FY 2026 expenditures which, combined with projected FY 2026 revenues, should ensure fund solvency.
    - o FY 2026 GF savings - $4 million
- Allows the Securities Registration Act Fund to support the general operations of the Attorney General's Office.
    - o FY 2026 GF savings - $1.7 million
- Allows up to $1 million be used from the Performance Incentive Grant Fund (PIGF) in FY 2025 and beyond to support the general operations of the Office of the Correctional Ombudsman (OCO). Legislation already permits the OCO to utilize $1 million of PIGF in FY 2025, and the fund balance is projected to be sufficient to support this cost on an ongoing basis.
    - o FY 2026 GF savings - $1 million
- Authorizes the Maryland Heritage Areas Authority (MHAA) to receive an additional up to $340,000 for operating expenses in FY 2026 only on top of the existing 10% of their annual $6 million in Program Open Space (POS) transfer tax funding. This one-time realignment eliminates the necessity of adding general funds to support the one-time cost for grant software re-procurement that will be incurred by the Maryland Historical Trust in FY 2026.
    - o FY 2026 GF cost avoidance - $340,000

- Increases the allowable Waterway Improvement Fund (WIF) funding for Natural Resources Police marine operations from $2 million to $2.1 million.
    - FY 2026 GF cost avoidance - $100,000

In addition, the bill authorizes the following transfers to the General Fund:

- $230.0 million from the Local Income Tax Reserve Account with an annual repayment to the account of $23 million annually for ten years starting in FY 2029. The LITR balance has averaged at over $3 billion on an ongoing basis for the past three years.
- $150 million from the Renewable Portfolio Standard / ACP Account of the Strategic Energy Investment Fund (SEIF). Following this transfer and all actions related to the SEIF in the allowance and the BRFA, the SEIF is projected to end FY 2026 with a balance of $339.1 million.
- $113.9 million in the Dedicated Purpose Account reserved for capital projects as follows:
    - $62.9 million for construction of a new State veterans home;
    - $25.0 million for the University of Maryland Medical System Comprehensive Cancer and Organ Transplant Center;
    - $11.0 million for Department of Natural Resources critical maintenance;
    - $10.0 million for Morgan State University deferred maintenance and site improvements; and
    - $5.0 million for Baltimore City Community College deferred maintenance.
- $63.5 million in the Dedicated Purpose Account reserved for cybersecurity.
- $20 million in the Dedicated Purpose Account reserved for the relocation of State agencies out of State Center.
- $10 million from the Maternal and Child Health Improvement Fund, as the program is set to sunset during FY 2026.
- $9 million from the Resilient Maryland Revolving Loan Fund.
- $7 million from the Maryland Police Training and Standards Commission Fund.
- $6 million from the Maryland Innovation Investment Tax Credit Reserve Fund. Note that this transfer revenue assumption will be revised by a future supplemental budget, further details in the amendment section below.
- $5 million from the Securities Act Registration Fund.
- $4.9 million from the Violence Intervention Prevention Program Fund.
- $4.3 million from the More Jobs for Marylanders (MJM) Reserve Fund.
- $4 million from the Rape Kit Testing Fund.

Cost Avoidance

The BRFA revises or establishes a number of fees to offset costs that otherwise would become general fund costs:

- Increases the Medicaid Deficit Assessment to $344,825,000 in FY 2025 and $394,825,000 in FY 2026 onwards. Provider assessments are tools that the vast majority of states use to maximize federal dollars.
    - FY 2025 GF savings - $46.3 million
    - FY 2026 GF savings - $92.5 million

Medicaid Deficit Assessment History

FY	Hospital Assessment (SF)
2014 Act.	$412,455,978
2015 Act.	$390,260,882
2016 Act.	$389,827,993
2017 Act.	$364,825,032
2018 Act.	$364,825,000
2019 Act.	$334,902,112
2020 Act.	$309,825,000
2021 Act.	$294,825,000
2022 Act.	$294,825,000
2023 Act.	$294,825,000
2024 Act.	$244,825,000
2025 Leg App	$294,825,000
2025 Proposal	$344,825,000
2026 Proposal	$394,825,000

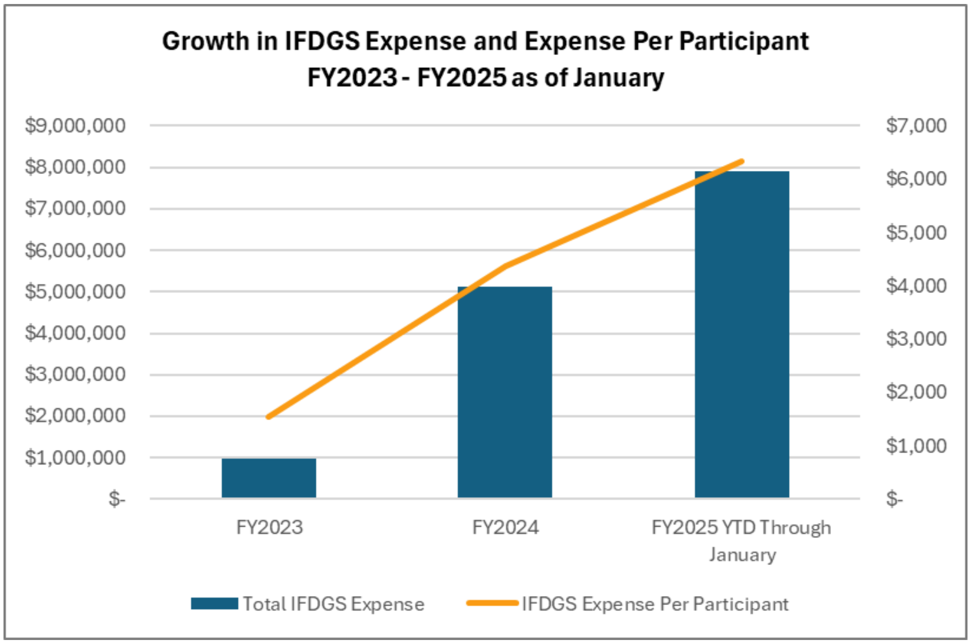
- Establishes a new 0.15% charge on contributing employers to cover the costs of administering the Unemployment Insurance program in Maryland, to be placed into the Special Administrative Expense Fund (SAEF). The Division of Unemployment Insurance (DUI) at the Department of Labor has faced funding shortfalls for the last few fiscal years due to how federal support is calculated and the enhancements necessary to improve services to the residents of Maryland. The Department's plan is to lower UI tax rates at the same time this new 0.15% charge is added so that employers see no difference in their overall UI rates.
  - FY 2026 GF cost avoidance - $33 million
- Authorizes the Maryland Department of the Environment (MDE) to establish through regulation a fee for Erosion and Sediment Control Responsible Personnel Training Program Certification. Various fee provisions already in statute (wetlands and waterways authorizations and related installations, rental property lead registration, the Voluntary Cleanup Program, and non-coal surface mining licenses) are modified to allow MDE to collect higher amounts.
  - FY 2026 GF Savings - $700,000
  - FY 2026 GF cost avoidance - $5.3 million
- Adjusts or authorizes a number of fees in the Maryland Department of Agriculture, Horse Industry Board late fees, beekeeper administrative penalties, Nutrient Management Plan late fees, seedsman permit fee increase, Weights and Measures registration fees, and Weights and Measures late fees.
  - FY 2026 GF cost avoidance - $700,000

In addition, the BRFA:

- Adjusts the share that each county and Baltimore City reimburse the State for the costs related to the State Department of Assessments and Taxation (SDAT)'s real property valuation, business personal property valuation, and information technology offices from 50% to 90%, reflecting the share of property tax revenues that the State and local government receive.
  - FY 2026 GF Savings - $20.9 million
- Reinstates the cap on individuals receiving Developmental Disabilities Administration (DDA) benefits spending on Individual Family Directed Goods and Services (IFDGS), a separate miscellaneous expense category within each client's budget. The current law was enacted under the Self-Direction Act of 2022 (CH 736). Prior to this legislation, Individual Family Directed Goods

and Services (IFDGS) budgets were capped at $5,500. The FY 2026 Governor's Allowance assumes that IFDGS will be capped at this previous level. Since FY 2023, the number of SDS participants utilizing IFDGS has approximately doubled from 629 to 1,245 participants, and the IFDGS cost per participant has increased by 311% from $1,541 in FY 2023 to $6,339 year to date in FY2025 (through January).

- FY 2026 GF Savings - $14.5 million



- <u>Eliminates the Low Intensity Supports Program</u>. However, as this program is not a mandate, a BRFA provision is not needed in order to reduce the program in FY 2026. Therefore, the Administration intends to submit an amendment to remove this provision from the BRFA.
  - FY 2025 GF savings - $2.8 million
  - FY 2026 GF savings - $5.5 million
- <u>Reduces the target participation for the Young Adult Service Year Option Pathway</u>, delaying the goal of getting to 2,000 annual participants by one year.
  - FY 2026 GF savings - $4.8 million
- <u>Removes the requirement for MDH to apply for Substance Abuse and Mental Health Services Administration (SAMHSA) funds for Certified Community Behavioral Health Clinics (CCBHCs)</u>. The CCBHC model is designed to ensure access to coordinated comprehensive behavioral health care. Applying for a planning grant creates a budgetary obligation for the State as Maryland would be required to move forward with implementing benefits. Services would be covered for both Medicaid (federally matched) and uninsured/underinsured (state-only dollars). A rough estimate of implementation in FY 2027 would be in excess of $170 million general funds. There is no funding currently in the MDH budget in FY 2025 or FY 2026 for CCBHCs.
  - FY 2026 GF Savings - none

<u>MDOT Proposals</u>

The BRFA includes several provisions needed to align programmed spending with available funding in support of the January 2025 Consolidated Transportation Program.

- Establishes a retail delivery fee of $0.75 per retail delivery transaction. The fee will not apply to the delivery of goods that are exempt from the general sales tax (e.g., groceries and prescription drugs). The fee amount is indexed to inflation, meaning it will grow at the annual rate of inflation based on the Consumer Price Index (rounded to the nearest one cent). Revenues will be dedicated to the Transportation Trust Fund.
  - FY 2026 SF savings - $225 million
- Repeals the trade-in allowance for vehicle purchases greater than $15,000.
  - FY 2026 SF savings - $181 million
- Modifies the current three-year passed-in increase of vehicle registration fees for certain vehicle classifications and weights, established by CH 717 of 2024, to two years.
  - FY 2026 SF savings - $50 million
- Increases the maximum allowed Vehicle Emissions Inspection Program (VEIP) fee from $14 to $30 and indexes the fee to inflation moving forward.
  - FY 2026 SF savings - $20 million
- Modify existing law regarding Maryland Vehicle Administration's (MVA) cost recovery requirement and increases the threshold to 115%.
  - FY 2026 SF savings - $15 million
- Requires MVA to charge a fee for the use of payment plans to offset the impact of deferred collection of registration fees.
  - FY 2026 SF savings - $1 million
- Repeals the requirement that MDOT's outyear budget growth assumption be based on the five-year average of actual expenses and allows MDOT to establish its own reasonable outyear growth assumption.
  - FY 2026 SF savings - None
- Increases the statutory limit on outstanding Consolidated Transportation Bond debt to $5 billion in accordance with the recent increase in transportation revenues.
  - FY 2026 SF savings - None
- Adds major rehabilitation of the Maryland Transit Administration's (MTA) existing light rail system to the list of allowed uses of Grant Anticipation Revenue Vehicle (GARVEE) bonds while maintaining the existing debt outstanding cap.
  - FY 2026 SF savings - None
- Delays implementation of MTA's transition to zero-emission buses to fiscal year 2032 and adds GARVEE bonds as an eligible funding source, consistent with a change in the allowed uses of GARVEEs adopted by the legislature in 2023.
  - FY 2026 SF savings - None

Other

The BRFA also:

- Allows the Maryland Department of Health to transfer funding between all budgetary programs, giving MDH greater flexibility given budget pressures on major entitlement programs.
- Establishes a non-lapsing, special fund, called the Medicaid Primary Care Program Fund, to serve as the foundation for advancing primary care in Maryland under the Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model. A supplemental budget to be introduced by the Administration will tie this provision to $16 million in general fund savings, noted below.
- In Maryland Environmental Services (MES), increases the Eastern Correctional Institution Turbine Project Contingency Fund cap to $5 million and the Reimbursable Project Contingency Fund cap to $3 million. This provision allows MES to better fulfill its contractual obligations and permit compliance in light of rising costs.

- Makes discretionary the requirement that when a proposed budget includes expenditure reductions to be applied across multiple Executive Branch agencies, the budget bill must specify how the savings will be achieved and, with the exception of position abolitions and items requiring collective bargaining, must include a separate schedule for each reduction allocating the reduction for each agency in a level of detail not less than the 3–digit R*Stars financial agency code and by each fund type. The Governor's Allowance includes $50 million in unallocated general fund savings through government modernization in FY 2026.

Proposed Amendments

The Administration is offering the following amendments to the Budget Reconciliation and Financing Act of 2025 as introduced. These amendments make clarifications and modifications to provisions of the first reading file bill itself and provide additional budget relief in support of the Governor's budget plan.

- Authorizes the transfer of $20 million in excess funds in the reserve account established by the State to pay unemployment compensation for State employees.
    - FY 2025 GF savings - $20 million
- Removing the BRFA provision described above eliminating the mandated funding formula for the St. Mary's College of Maryland, fully funding the mandate in FY 2026.
    - FY 2026 GF cost - $416,847
- Removes language repealing the provision eliminating the Low Intensity Support Program from the BRFA as the program is not a mandate. There is no net change to the FY 2026 allowance, as the program is not funded.
- Addition of a provision enabling the reversion to the General Fund of grant funding from the Behavioral Health Administration (BHA) to core service agencies, local addictions authorities, or local behavioral health authorities or the community providers. The allowance assumed that $22.7 million in unspent funding from FY 2025 would be reverted, but the initial BRFA excluded a provision enabling the reversion.
    - FY 2025 GF savings - $22.7 million
- Technical drafting corrections to the provision establishing the Maryland Primary Care Fund and clarifying that payments are one-time in nature. There is no net fiscal impact to these corrections.
- Technical drafting corrections to the provision eliminating the ability for the More Jobs for Marylanders (MJM) Reserve Fund in the Department of Commerce to retain excess appropriation beyond issued tax credit certificates. This provision will allow funding to be reverted to the General Fund more quickly in future fiscal years.
- Technical drafting correction clarifying that the adjustment to the Maryland New Start Mandate is intended to start in FY 2025, already assumed in the budget allowance.
- Provides funding to support the Register of Wills through a revenue distribution from the Estate Tax in FY 2026 and beyond.
    - FY 2026 GF cost - $15 million
- Removes the requirement, for FY 2026 only, that 50% of the Cigarette Restitution Fund (CRF) appropriation support specified programs as identified by Md. State Finance and Procurement Code Ann. § 7-317. The FY 2026 allowance for these items is currently funded at 43% or $44 million. This statute adjustment was assumed in the allowance so there is no net fiscal impact.
- Adjusting the provision freezing enrollment for the Enterprise Zone Tax Credit, allowing local jurisdictions to continue to enroll new entities into the program but removing any State funding requirement. This amendment does not change the State fiscal impact of the provision.
- Adjusting the provision establishing a new 0.15% charge on contributing employers to cover the costs of administering the Unemployment Insurance (UI) program in Maryland, clarifying that the

funding will only be used for administration of UI not also for workforce development. This amendment does not change the State fiscal impact of the provision.

- Adds a transfer of $37.3 million from the Local Income Tax Reserve Account to the General Fund to support the Department of Labor's Division of Paid Leave in its administration of Family and Medical Leave Insurance, with the transfer to be repaid back to the Local Income Tax Reserve Fund within two years of the start of contributions into the Department's Family and Medical Leave Insurance Fund. This bridge funding will support the continued ramping up of Division of Paid Leave operations, offsetting costs that would otherwise be borne by the General Fund.
  - FY 2026 GF Cost Avoidance - $37.3 million
- Limits the mandate that the Department of Human Services (DHS) replace benefits stolen from cash assistance and Supplemental Nutrition Assistance Program (SNAP) recipients via Electronic Benefits Transfer (EBT) card fraud to funding available in the State's budget only.
  - FY 2026 GF Cost Avoidance - Indeterminate

The Administration intends to introduce a supplemental budget that implements the budgetary changes listed in the amendments above. In addition, the supplemental budget will revise the allowance figures related to BRFA provisions listed above as follows:

- Addition of a contingent general fund reduction totaling $16 million related to the establishment of the Maryland Primary Care Fund.
  - FY 2026 GF savings - $16 million
- Reduces the transfer from the Maryland Innovation Investment Tax Credit Reserve Fund to the General Fund from $6 million to $1.4 million based on revised fund balance data from the Department of Commerce.
  - FY 2026 GF cost - $4.6 million
- Updates the savings from adjusting the share that each county and Baltimore City to reimburse the State for the costs related to the State Department of Assessments and Taxation (SDAT)'s real property valuation, business personal property valuation, and information technology offices from 50% to 90%.
  - FY 2026 GF savings adjustment - $331,560

Departmental Position

The Department of Budget and Management believes that the Budget Reconciliation and Financing Act of 2025, as amended, is necessary to ensure a balanced FY 2026 budget and to provide out-year structural budget relief. For these reasons, we urge the Committees to vote favorable with amendments on HB 352/SB 321.

Concern Re EZ (2).pdf
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Position: INFO

TOWN OF
SNOW HILL
MARYLAND

Janet Simpson, Mayor
Margaret Fletcher, Council
Edward S. Lee, Council
Diana Walsh, Council
Rick Pollitt, Town Manager

Mayor & Town Council of Snow Hill

February 18, 2025

Dear Ms. Pursel,

Following up on our discussion regarding the elimination of the State of Maryland's contribution of the Enterprise Zone, I am writing on behalf of the Town of Snow Hill with concern for the impact on our community. Without the State's contribution, this tool that is intended to incentivize business growth and development is not sustainable, particularly for small communities such as ours. As a small municipality with many competing needs and a modest budget, the few incentives we can offer to reinvigorate our local economy largely depend on leveraging state supported resources such as the Enterprise Zone benefits.

The 230 acres that comprises the Snow Hill Enterprise Zone includes each and every commercial parcel in Snow Hill. That means each existing business has the incentive and support to grow and improve their business. That means that the under-utilized lots and vacant properties which account for 31% all commercial properties in Snow Hill, are more attractive to developers and investors. With a keen focus on infill development, this is an invaluable resource for our Town.

Admittedly, this resource has not been optimally taken advantage of to date. Since my onboarding with the Town in September of 2021, I have found that historically there has not been an adequate amount of promotion of the program and, for various reasons, a lack of communication with the business community pertaining to the process and benefits. However, recent public meetings and inclusion in our Economic Opportunities print materials has brought a new level of recognition to the program. In fact, we have a budding project developing now that without the Enterprise Zone tax credit, may not be able to move forward.

The Enterprise Zone program offers significant value to our community through the actual financial benefits as well as a recruitment tool in our economic development tool belt. It is one of the few tools that makes Snow Hill an attractive place to do business. The State support for the program would be a grave loss to our community.

Sincerely,

Lorissa McAllister

Lorissa McAllister

Director of Economic Development

103 Bank Street | Snow Hill, Maryland 21863 | Telephone: 410-632-2080 | Fax: 410-632-2858

Enterprise Zone Letter 2-20-25.pdf
Uploaded by: Heather Tinelli
Position: INFO

Maryland Counties Economic Development Partnership (MCEDP)

An Affiliate of the Maryland Association of Counties

Position Statement on HB 352/SB 321:
Budget Reconciliation and Financing Act of 2025

POSITION: Letter of Information

TO: House Ways & Means and Appropriations Committees; Senate Budget & Taxation and Finance Committees

FROM: Heather Tinelli, President, MCEDP

DATE: February 27 and 28, 2025

Position Statement in Support of Enterprise Zones

Enterprise Zones (EZs) play a crucial role in fostering economic growth, job creation, and revitalization in economically distressed areas. Across Maryland, the impact of these zones has been profound, providing businesses with the incentives necessary to expand operations, create jobs, and invest in local communities.

Economic Impact and Business Growth

Enterprise Zones have been instrumental in attracting and retaining businesses, leading to significant private investment and job creation. In Kent County, the EZ property tax credit has facilitated approximately $59 million in private investment since 2016. The program was a deciding factor in Dixon’s headquarters remaining in Kent County, securing 350 jobs and supporting a workforce of 420 employees. The Chestertown Business Campus, which houses Dixon’s facilities and the Kent County Family YMCA, is a direct result of the EZ program’s effectiveness.

The City of Hagerstown/Washington County, MD Enterprise Zone has facilitated an estimated $168.8 million in capital investment, encompassing both new construction and redevelopment projects as of 12/31/24. This incentive has helped retain 200 existing jobs and generated approximately 465 new full-time positions and 1 new part-time position.

Dorchester County has leveraged the Enterprise Zone incentive for over two decades, supporting millions of dollars in capital investment and numerous job opportunities. As a rural county bordering Delaware, the incentive remains crucial in maintaining competitiveness and preventing business relocation across state lines.

In Allegany County, Enterprise Zone programs have been instrumental in attracting businesses such as Kingspan, Clym Environmental, and Geocycle, contributing to the creation of approximately 180 jobs and generating over $120 million in private investment.

Cecil County’s Enterprise Zone has led to the creation of over 5,000 jobs in the past seven years, with major companies such as Amazon, Lidl, Great Wolf Lodge, Smithfield, KeHE, and Northrop Grumman benefiting from the program. These jobs have generated $6.85 million in annual income tax revenue, further supporting local infrastructure and community growth.

As of 12/31/2024, the Queen Anne's County Enterprise Zone has incentivized $118M in estimated capital investment in both new construction and redevelopment efforts. This incentive supported 890 existing jobs and produced an estimated 292 new full-time jobs and 147 new part time jobs. It is conservatively estimated that these new jobs created employment income of $11.4M resulting in $400K in state income taxes and nearly the same local tax revenue.

Worcester County's Enterprise Zones in Berlin, Snow Hill, and Pocomoke City have played a vital role in attracting and retaining businesses. Success stories include **Forgotten 50 Distilling** in Berlin, the **Pocomoke Firehouse Redevelopment Project**, and **Cypress Roots Brewery**—Pocomoke City's first brewery. **Hardwire LLC**, a global supplier of protective armor, is undergoing a major expansion in Pocomoke City, influenced by EZ tax credits.

Revitalization and Capital Investment

Howard County received its first Enterprise Zone Designation in December 2024. The Enterprise Zone is aimed at driving economic growth along Route 1 and in Columbia Gateway, areas that are intended for redevelopment in the county's general plan, HoCo By Design. This aligns with Howard County's broader economic strategy, supporting businesses while strengthening the local economy.

The Enterprise Zone program has been a catalyst for revitalization in economically distressed areas. Cecil County's EZ has channeled investment into Elkton, North East, Perryville, and Port Deposit, transforming these communities through business growth and infrastructure development. Since its redesignation in 2023, the EZ has demonstrated a measurable decrease in unemployment rates, underscoring its effectiveness.

Statewide, Enterprise Zones have driven billions in capital investments. From FY2021 to FY2024, Cecil County alone saw over $1.2 billion in capital investment, ranking among the top five counties in Maryland for EZ-driven investment. Kent County also benefited significantly, with over $78 million in capital investment during this period.

Workforce Development and Long-Term Growth

Beyond economic incentives, Enterprise Zones contribute to workforce development by fostering collaboration between businesses, educational institutions, and workforce training programs. In Cecil County, companies like IKEA, Northrop Grumman, Clene Nanomedicine, and Terumo participate in training initiatives with Cecil College and the Susquehanna Workforce Network. Such programs ensure a pipeline of skilled workers, further enhancing business retention and expansion.

The long-term economic growth driven by Enterprise Zones cannot be overstated. Increased business activity leads to higher demand for local services, improved infrastructure, and enhanced quality of life for residents.

Conclusion

Enterprise Zones have proven to be a critical tool for economic development, job creation, and revitalization across Maryland. The continuation of state reimbursement for EZ property tax credits is essential to maintaining this momentum. Without these incentives, jurisdictions will struggle to attract and retain businesses, leading to economic stagnation and job losses.

We urge policymakers to uphold and strengthen the Enterprise Zone program to ensure sustained economic growth, business expansion, and community development. The success stories shared in this document are a testament to the program's effectiveness and its indispensable role in Maryland's economic future.

global gateways letter 2-20-25.pdf
Uploaded by: Heather Tinelli
Position: INFO

Maryland Counties Economic Development Partnership (MCEDP)

An Affiliate of the Maryland Association of Counties

Position Statement on HB 352/SB 321:
Budget Reconciliation and Financing Act of 2025: Global Gateway Program

POSITION: Letter of Information

TO: House Ways & Means and Appropriations Committees; Senate Budget & Taxation and Finance Committees

FROM: Heather Tinelli, President, MCEDP

DATE: February 27 and 28, 2025

Maryland's Global Gateway program is a critical initiative that supports international business attraction, expansion, and investment in the state. It serves as a key economic development tool, helping foreign companies establish operations in Maryland while fostering global trade relationships. Under the Governor's DECADE Act, the program is at risk of sunsetting, potentially jeopardizing the economic benefits it delivers to businesses and communities across the state.

Currently there are 20 partnering incubators and accelerators across the state. These partnerships provide essential support and resources to help foreign companies establish a presence in Maryland. Including the newest one in Charles County which is currently working with the AUKUS, a federal trilateral security partnership between the US, UK and Australia. Also, in Howard County, Pinnacle Tech Limited, is a Global Gateway Company at the Maryland Innovation Center, that uses AI and robotics to transform the advanced manufacturing sector.

<u>Key Reasons to Maintain the Global Gateway Program</u>

1. Strengthens Maryland's Position as a Global Business Hub
    - Maryland is strategically located near Washington, D.C., with access to world-class research institutions, ports, and international markets.
    - The Global Gateway program enhances Maryland's attractiveness to foreign investors by providing a structured, business-friendly entry into the U.S. market.
    - Ending the program would weaken the state's ability to compete for international business expansion against neighboring states.
2. Drives Foreign Direct Investment (FDI) and Job Creation
    - The program facilitates foreign direct investment (FDI), bringing new businesses, capital investment, and high-quality jobs to Maryland.
    - FDI has historically contributed to job growth, workforce development, and local economic stability in key industries such as technology, life sciences, and advanced manufacturing.
    - Removing this program could result in missed investment opportunities, pushing international businesses to competitor states with more robust FDI support systems.
3. Supports Small and Medium-Sized Enterprises (SMEs)
    - Global Gateway provides SMEs with access to market entry resources, mentorship, and networking with Maryland businesses.
    - Many foreign companies looking to expand into the U.S. rely on structured support to navigate business regulations, workforce development, and financing opportunities.
    - Without this program, smaller businesses may struggle to establish a foothold in Maryland, limiting local business partnerships and economic growth.

4. Boosts Maryland's Innovation Ecosystem
   - International businesses bring fresh perspectives, innovative technologies, and global partnerships that enrich Maryland's existing industries.
   - The program fosters cross-border collaboration between research institutions, universities, and private-sector firms, strengthening Maryland's leadership in tech, life sciences, clean energy, and cybersecurity.
   - Eliminating Global Gateway could slow innovation and limit the potential for new discoveries and advancements.
5. Leverages Maryland's Unique Economic Strengths
   - Maryland boasts a highly educated workforce, proximity to federal agencies, and strong infrastructure, all of which attract global business.
   - The Port of Baltimore, BWI Airport, and key transportation hubs make Maryland an ideal location for companies involved in trade, logistics, and supply chain operations.
   - Maintaining Global Gateway ensures that Maryland continues to capitalize on these assets to attract and retain international businesses.
6. Aligns with State and National Economic Development Goals
   - The U.S. is actively promoting global trade and economic partnerships to strengthen international alliances and economic resilience.
   - Maryland's Global Gateway complements these efforts by providing a state-level pathway for foreign business engagement, ensuring that Maryland remains competitive in the global economy.
   - Allowing the program to sunset would contradict economic development priorities at both the state and national levels.

Conclusion:

Maryland's Global Gateway program is a proven tool for attracting foreign investment, creating jobs, and enhancing the state's economic competitiveness. Allowing it to sunset under the DECADE Act would weaken Maryland's position as a leader in global business and trade. Instead of ending the program, Maryland should:

- Expand funding and resources to further support international business attraction.
- Strengthen partnerships with global trade organizations and embassies.
- Develop incentives for foreign companies to establish headquarters, R&D centers, and manufacturing facilities in the state.

WRITTEN TESTIMONY SMADC BUDGET - HB 352 - Southern
Uploaded by: Sierra Criste
Position: INFO

POSITION STATEMENT
House Bill 352
Budget Reconciliation and Financing Act of 2025
House's Appropriations Committee
Hearing 2/27 at 1:00 p.m.

February 25th, 2025

Dear Appropriations Chair Barnes, Vice Chair Chang, and other Distinguished Members of the Committee,

Sierra Criste
President
Southern High FFA Alumni
Harwood, MD

I strongly urge the Budget and Taxation Committee to support the reinstatement of full funding for the Southern Maryland Agricultural Development Commission (SMADC), as they play a pivotal role in supporting local farmers, promoting agricultural education, expanding the local rural economy, and fostering sustainable practices.

It is important to note that this is not new funding for SMADC, it is current existing funding that comes into the state every year from the Cigarette Restitution Fund (CRF), of which 5% was promised to SMADC twenty years ago upon their creation during the Tobacco Buyout.

The CRF fund itself is continual and non-lapsing and these funds that come into the State are directed to either the Maryland Department of Health or to SMADC. The Health Department gets approximately $108 million a year from this CRF fund alone, plus their additional funding. **SMADC just requests their fair share of the CRF – which is $1 million dollars annually, as decided by the Maryland Legislature in a bi-partisan bill passed just last Session** - so they can continue to support the farmers in their region and across the state who are growing healthy food and a healthy community.

Unfortunately, the Governor's proposed Budget Bill now cuts $250,000 from SMADC funding for FY26. This will deeply impact the agricultural community in Southern Maryland, as well as the farming programs that SMADC promotes statewide.

Full funding is essential for supporting the agricultural economy, small business innovation, and food and farming education. **It is worth noting that last fiscal year, with just our $900,000 in base funding, SMADC was able to leverage that to bring in over $2 million additional dollars in grants to the region. This is a significant return on investment.**

SMADC's success has been proven. In FY24 alone they awarded 30 Farm Mini-Grants to the community totaling $60,000, awarded scholarships and sponsorships totaling $10,050, awarded $15,000 to youth farmers in the SOMD Meats Program, grew the Maryland Market Money matching program for low-income families at the farmers market to 60+ locations and over 720 farmers/producers, directly served 448 farms through grants, marketing, resources, and events, and much more through all of our active programming.

On behalf of the Southern High FFA Alumni, I would like to express to the Southern Maryland Agricultural Development Commission (SMADC) our deep appreciation for the continued support of agricultural education and the Future Farmers of America (FFA) program at Southern High School. Specifically, we are grateful for the grants provided by SMADC to support our Annual Car, Truck, and Tractor Show. This event has become a cornerstone for promoting FFA, engaging the community, and raising critical funds to support agricultural education at Southern High School.

The proceeds from our Car, Truck, and Tractor Show directly benefit FFA students by providing resources, tools, and opportunities for leadership development and scholarships. Additionally, students are actively involved in working at the event, gaining valuable hands-on experience in leadership, event planning, and community engagement. The continued success of this event is a testament to the collective effort of our alumni, students, and the broader community, and we could not have achieved this without the vital support of SMADC's grants.

SMADC's financial contributions have enabled us to cover event logistics, secure promotional materials, and recognize participants, ensuring that the event remains accessible and impactful. Beyond fundraising, the show fosters a deeper understanding of the importance of agricultural education and encourages community involvement.

We ask that you please advocate for reinstating full funding of $1 million for SMADC in the coming budget.

Thank you for your time and consideration.

Sincerely,

Sierra Criste

Sierra Criste
President
Southern High FFA Alumni