FAV Testimony

Uploaded by: Angela Martin
Position: FAV

MARYLAND COMMUNITY ACTION PARTNERSHIP
A NETWORK OF COMMUNITY ACTION AGENCIES SERVING MD, DC & DE

ADMINISTRATIVE OFFICE
420 Chinquapin Round Road 2nd Floor, Suite 2-I
Annapolis, MD 21401

PHONE: (443) 482-5169
FAX: (443) 482-5104
www.maryland-cap.org

February 24, 2025

Budget and Taxation Committee
Appropriations Committee
Ways and Means Committee

Dear Committee Members,

On behalf of the Maryland Community Action Partnership (MCAP) and the Community Action Agencies (CAAs) that administer the Office of Home Energy Programs (OHEP) across the state, we write in strong support of OHEP's budget request, which includes a 5% increase in administrative funds. This increase is critical to ensuring the continued efficiency and effectiveness of energy assistance programs that serve Maryland's most vulnerable residents.

Over the past six years, administrative funding for OHEP operations has increased by less than 1%, despite a significant rise in the number of households seeking assistance. As a result, many of our agencies have been forced to divert staff and resources from other essential programs to meet the growing demand, creating operational and financial challenges. A modest increase in administrative support for Agencies operating OHEP will allow us to better serve our communities by ensuring adequate staffing and program delivery.

We respectfully urge your favorable support for OHEP's budget request. Investing in administrative resources is not just a matter of operational necessity—it is a commitment to sustaining the essential services that keep Maryland families safe and secure in their homes.

For more information, please contact Angela Martin, Executive Director of MCAP, at amartin@marylandcap.org.

Sincerely,

Angela Martin

Angela Martin
Executive Director
Maryland Community Action Partnership (MCAP)

FAV Testimony
Uploaded by: Miles Trinidad
Position: FAV

February 27, 2025

Chair Barnes, Vice Chair Chang, and Members of the House Appropriations Committee, thank you for the opportunity to provide testimony on the Budget Reconciliation Act of 2025. My name is Miles Trinidad, and I'm a state analyst with the Institute on Taxation and Economic Policy, a nonprofit, nonpartisan research organization that specializes in state, local, and federal tax policy issues.

Today, I am testifying on behalf of ITEP on Maryland Gov. Wes Moore's tax reform plan, which would make the state's tax system fairer, simpler, and better able to meet the state's needs.

When people are asked to think of a fair tax code, most people wouldn't point to a tax code where the wealthiest are asked to pay a lower share of their income than low- and middle-income households. Yet, this is currently the case in Maryland. According to our current *Who Pays?* report[i], the top 1 percent of Maryland taxpayers pay 9 percent of their income in total state and local taxes, the lowest of any income group in the state. So those with an average annual income of $1.2 million are paying less taxes as a share of income than the state's teachers, firefighters, or factory workers.

Our analysis of the proposed changes to the income tax, which make up the bulk of Gov. Moore's proposal, finds that it asks more of those at the top and provides an average tax cut for those earning less. More than three-fourths of the new revenue would come from the wealthiest 20 percent of households while nearly 65 percent of households would see a tax cut – and those cuts would primarily go to middle and low-income households.

The proposal contains several provisions that improve tax equity in the state: higher tax rates for high-income households; a surcharge on capital gains income; and narrowing a corporate tax loophole. Another key feature of the proposal that improves tax equity is the elimination of itemized deductions. Itemized deductions are regressive. These policies offer the largest benefits to higher-income taxpayers and little if any benefit to low- and middle-income families. While itemized deductions are often touted as tools for incentivizing behaviors, such as charity or purchasing a home, design flaws, combined with the inherent limits of using state tax policy to shape behavior, make these deductions ineffective in achieving these goals.[ii]

In contrast to itemized deductions, improvements to the standard deduction would provide a boost to a vast majority of Marylanders, since that's what most already use. The current deduction is small and contains a gradual phase-in that reduces the deduction for low-income households. The plan's doubling of the standard deduction and elimination of the phase-in would be a boon for low- and middle-income households.

According to our analysis of the changes to the standard and itemized deductions, 65 percent of households would see a tax cut, and about 78 percent of the decrease will go to the bottom 80 percent of households earning under $169,700. On the other hand, about 20 percent of households would see an increase, with 71 percent of the increase paid by the top 20 percent of households, who have average incomes of roughly $400,000 a year.

While there are opportunities to make it even more progressive and capable of raising more revenue, this proposal is well designed and would do a lot to improve the progressivity of the state's tax system, ensuring that the richest in the state are paying their fair share, while allowing the state to make smaller budget cuts that otherwise would be needed.

Wealth and income inequality in this country are at historic highs, and tax policy can be a critical tool to make our economy work better for all of us, not just the wealthy and well-connected.

Thank you for your time and consideration on this important issue, and I look forward to answering your questions.

Miles Trinidad
State Analyst
Institute on Taxation and Economic Policy
miles@itep.org

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[i] https://itep.org/whopays-7th-edition/

[ii] https://itep.org/state-itemized-deductions-surveying-the-landscape-exploring-reforms/#:~:text=Introduction-,Thirty%20states%20and%20the%20District%20of%20Columbia%20(D.C.)%20allow%20a,paid%2C%20and%20various%20other%20expenses.

GHHI Written Testimony HB352.pdf
Uploaded by: Ruth Ann Norton
Position: FAV

Green & Healthy Homes Initiative®

2714 Hudson Street
Baltimore, MD 21224-4716
P: 410-534-6447
F: 410-534-6475
www.ghhi.org

February 27, 2025

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

Re: **FAVORABLE – HB352** – Budget Reconciliation and Financing Act of 2025

Dear Chairman Barnes and Members of the Committee:

On behalf of the Green & Healthy Homes Initiative (GHHI), I write in support of HB352. I serve as Chair of the Maryland Lead Poisoning Prevention Commission and as a member of the EPA Children's Health Protection Advisory Committee, the CDC Lead Exposure and Prevention Advisory Committee and the Maryland Green and Healthy Homes Task Force. GHHI is dedicated to addressing the social determinants of health and advancing racial and health equity through the creation of healthy, lead safe and energy efficient homes. GHHI has been at the frontline of lead poisoning prevention and holistic healthy housing for over three decades.

Over its 30-year history, GHHI has developed the holistic energy efficiency, health and housing service delivery model that is implemented in our nationally recognized, Maryland-based direct service program. The model was adopted by the U.S. Department of Housing and Urban Development and is currently being advanced in partner jurisdictions nationally. In addition, GHHI helped to elevate Maryland as a national leader in healthy housing by helping reduce childhood lead poisoning by 99% in the state and helping design over 49 pieces of healthy housing legislation that became law in the State of Maryland and local jurisdictions. By delivering a standard of excellence, GHHI aims to eradicate the negative health impacts of unhealthy housing and unjust policies to ensure better health, economic, and social outcomes for children, seniors and families with an emphasis on Black and Brown low-income communities. GHHI's holistic intervention approach was recently cited by EPA and HUD as a model for effective coordination of federal healthy homes and weatherization programs and resources.

We are deeply committed in our mission to advance racial and health equity, economic mobility and climate resiliency through healthy and energy efficient low-income homes. By increasing state resources for lead poisoning prevention programs and stronger MDE enforcement through HB352, resources can be targeted to improve compliance oversight, improve housing conditions, and reduce legacy pollution and lead poisoning in historically underserved and under-resourced communities in Maryland.

Impact of Hazardous Housing in Maryland - Lead Poisoning

In 2021, there were 1,430 children with elevated blood levels (EBLs) of 5 μg/dl or higher in Maryland. Lead poisoning from primarily lead in paint, dust and contaminated soil contributes to significant learning disabilities, loss of IQ, speech development problems, attention deficit disorder, poor school performance and violent, aggressive behavior that heavily burdens low-income communities. Lead poisoning directly contributes to the cycle of learning disabilities, poor school performance, steep school dropout rates and juvenile delinquency that prevent low-income children in particular in Maryland from being able to thrive and which burdens the State through increased special education and criminal justice costs. Children poisoned by lead are 7 times more likely to drop out of school and 6 times more likely to be involved in the juvenile justice system.

In 2012, CDC determined that there was no safe level of lead in a child's body and lowered the blood lead reference level from 10 μg/dl to 5 μg/dl for children. Maryland lowered its blood lead reference level to 5 μg/dl to conform with the CDC. HB1233, the Maryland Healthy Children Act, was passed in 2019 and established that Maryland would align its blood lead standards with any revisions to the CDC's blood reference level within one year. On October 28, 2021, the CDC reviewed all the available blood lead data in the United States and the scientific research and lowered the blood lead reference level accordingly to 3.5 μg/dl. The State of Maryland adopted the 3.5 μg/dl blood lead reference level and lowered the blood lead level for case management in 2022 and lowered the blood lead action level for environmental investigation effective on January 1, 2024.

Increased Funding for MDE Compliance Oversight and Enforcement Capacity

MDE must have the adequate inspection, administrative oversight and enforcement personnel to effectively implement the Maryland Reduction of Lead Risk in Housing Law and to respond to the environmental investigation and lead case management demands from the lowering fully of the blood lead action levels in Maryland to 3.5 μg/dl on January 1, 2024. Minority populations in Maryland are disproportionately impacted by the lead hazardous conditions that exist in their older communities and are most vulnerable to non-compliant homes where deferred maintenance and unsafe housing conditions have created toxic environments. Maryland must continue to remediate lead hazards in our holder housing stock and insure that rental property owners maintain safe, lead certified properties that prevent exposure to lead paint and dust. HB352 will increase funding for MDE staff that will help improve property registration and lead inspection certification compliance rates in the state and expand the staffing capacity to respond to homes where children with elevated blood lead levels have been identified. Additional MDE funding is necessary for ongoing lead safe work practices oversight of lead hazard reduction projects in affected rental properties under the Maryland lead law. While GHHI supports the substantial public and private investments in climate mitigation housing interventions, (greenhouse gas reduction), those weatherization and electrification interventions may also disturb lead-based paint in pre-1978 properties and MDE will play an important role in helping contractors and owners utilize lead safe work practices for such projects in the coming years. Increased revenue for MDE is necessary to maintain existing staff, attract new staff and retain Lead Program staff in the coming years through the offering of competitive salaries and benefits.

Lead Poisoning Prevention Program Services

As part of the state's lead poisoning prevention strategies and as mandated by the legislature, the Maryland Department of the Environment provided funding from 1997-2021 for tenant's rights assistance, case management, legal services, rental property owner compliance assistance, tenants' rights and rental property owner compliance trainings, and lead poisoning prevention outreach and education throughout the state. That MDE funding had ceased from July 2021 through October 2024 despite the statutory requirement that at least $750,000 in funding from the Maryland Lead Poisoning Prevention Fund is spent on lead prevention outreach and education programs and enforcement efforts.

Direct funding for in-home prevention services, training and outreach, interagency coordination, and public and private partnership engagement and coordination has been instrumental in helping the State of Maryland achieve its 99% reduction in childhood lead poisoning since 1993. To maintain that progress and achieve the state's goal of the elimination of lead poisoning, funding must be sustained for these critical prevention services that complement and supplement MDE's existing staffing resources. Rental property owner registration fees are an important, sustainable source of funding support through the Maryland Lead Poisoning Prevention Fund at MDE for the direct prevention services that are needed for tenants, parents and rental property owners statewide and in our most at-risk communities.

HB352 will generate important funding to meet the staffing capacity needs of the Maryland Lead Poisoning Prevention Program at MDE, improve rental property owner compliance rates, and support the vital lead poisoning prevention direct services that are needed in Maryland. We ask for a Favorable Report on HB352.

Respectfully Submitted,

Ruth Ann Norton
President and CEO

MHBA_BRFA.pdf
Uploaded by: Cricket Goodall
Position: FWA

MARYLAND HORSE BREEDERS ASSOCIATION
Since 1929

February 25, 2025

The Honorable Ben Barnes
Chair, Appropriations Committee
The Honorable Vanessa Atterbeary
Chair, Ways and Means Committee

RE: HB 352, the Budget Reconciliation and Financing Act of 2025

To the Chairs and Committee Members:

On behalf of the Maryland Horse Breeders Association (MHBA), I am writing to express our deep concerns about the proposed reduction to the Purse Dedication Account (PDA) which contributes revenue to the Maryland Bred Race Fund (MBRF). The MBRF is the fund that encourages people to do business here including breeding, raising and racing their horses in Maryland. The production of horses is critical to the successful future of the racing industry in Maryland.

Every state that has a vibrant racing industry offers incentives, in addition to purse money, to encourage business in that state. The incentive funds, usually from other gaming revenues, are used by farm owners and horse breeders and owners to maintain and invest in their properties and in the quality of their livestock.

Maryland horse farms are a significant part of Maryland's agricultural community. The horse farms buy hay, straw and feed locally, offer job opportunities and use the services necessary to produce the horses, including farriers and veterinarians.

The economic impact of Maryland's horse industry is $2.9 Billion with more than $28, 000 jobs and thousands of acres of land preserved as horse farms. We are proud of that Maryland has more horses per square mile than any other state in the nation.

321 Main Street, Reisterstown, MD 21136 • 410.252.2100 • Fax 888-616-9797 • MarylandThoroughbred.com

The proposal by DLS to cut the PDA by 1.0% from 6% to 5%, would reduce critical industry funding by nearly 17% or approximately $14M annually. This reduction, especially coming now just as the Pimlico Plus plan is working to revitalize the industry, would have devastating consequences. This recent progress and efforts to make Maryland's Thoroughbred industry competitive again will be certainly be negatively impacted by any decrease in funding.

We strongly urge the DLS to reconsider this proposal, because we believe the lasting consequences far outweigh the immediate budgetary benefit. We welcome the opportunity to work together on solutions that protect the future of Maryland's horse industry and the thousands of jobs that it sustains, and the economic benefits that it provides.

Thank you for your careful consideration.

Respectfully,

Cricket Goodall
Executive Director
Maryland Horse Breeders Association

321 Main Street, Reisterstown, MD 21136 • 410.252.2100 • Fax 888-616-9797 • MarylandThoroughbred.com

House Bill 352 - MTHA - FWA.pdf
Uploaded by: Jason Weintraub
Position: FWA

House Bill 352 – Budget Reconciliation and Financing Act of 2025

House Appropriations and Ways and Means Committees

February 25, 2025

Favorable with Amendments

Chair Barnes, Chair Atterbeary, and members of Appropriations and Ways and Means,

House Bill 352, the Budget Reconciliation and Financing Act, makes a number of statutory changes to existing funding formulas and tax rates to help balance the Fiscal 2026 operating budget. On behalf of the Maryland Thoroughbred Horsemen's Association (MTHA) and the thousands of individuals whose livelihoods depend on a thriving horse industry, I am writing to express our serious concerns with the Department of Legislative Services' recommendation in their Operating Budget analysis to reduce funding for the Purse Dedication Account (PDA) allocated to the entire racing industry. **DLS' proposed 1.0% reduction, from 6% to 5%, would reduce critical industry funding nearly 17% (approximately $14M annually), and would have catastrophic consequences for the future of Maryland's Thoroughbred racing industry.**

This reduction would severely cripple the *Pimlico Plus* plan before it even gets out of the starting gate – a transformative initiative designed to modernize and stabilize Maryland racing for generations to come. This plan represents a once-in-a-lifetime opportunity to secure the future of Maryland racing, including the iconic Preakness Stakes and Pimlico Racecourse – a long-standing challenge that State leaders have worked for decades to resolve. Cutting funding at this critical juncture wouldn't just stall its progress – it could derail it entirely, dealing a devastating blow not only to Maryland's racing industry but also to Baltimore City and portions of the State's economy as a whole.

Beyond *Pimlico Plus*, the proposed cut would have immediate and devastating effects on the industry:

DRASTIC REDUCTION IN PURSES - The purse structure is the lifeblood and economic engine of Maryland racing, ensuring competitive fields, attracting quality horses, and sustaining thousands of jobs. A cut of this magnitude would force an immediate and severe reduction in purses, driving horse owners and trainers out of state and diminishing Maryland's status as a premier racing jurisdiction, not to mention eliminating year-round thoroughbred operations.

ELIMINATION OF OVER 40 RACE DAYS - A funding shortfall of this size would force the cancellation of more than 40 race days, drastically reducing earning opportunities for horsemen, jockeys, breeders, racetrack employees, and countless others whose livelihoods depend on live racing. This 40 day reduction would be in addition to the 30 race day reduction planned for 2025. Most concerning, it would transform Maryland racing from a year-round industry into a seasonal one, making it far less competitive and sustainable in the long term.

THOUSANDS OF JOBS AT RISK - The Thoroughbred racing industry supports thousands of jobs across Maryland, from trainers, grooms, and jockeys to veterinarians, blacksmiths, and feed suppliers. The elimination of race days and reduction in purses would jeopardize thousands of these jobs, devastating families and communities that rely on the industry.

DEVASTATING CUTS TO CRITICAL COMMUNITY SERVICES - Beyond its role in racing, MTHA provides essential services to the Maryland racing community, services that ensure the health, financial stability, and well-being of industry workers. These include:

- *A free primary care community health facility in partnership with MedStar Health, providing vital medical care to industry workers who might otherwise go untreated, or whose health care would become an expense of the state.*

- *A Pension Plan that helps secure retirement for those who have dedicated their careers to the industry.*

- *A robust benevolence program, providing emergency financial assistance to those in need.*

- *Counseling services that offer mental health support for workers facing hardship.*

- *Recreation programs that enhance the quality of life for backstretch employees.*

A drastic reduction in PDA funding would jeopardize these programs and more, leaving many of Maryland racing's hardest-working individuals without the critical support they depend on.

THE FUTURE OF MARYLAND RACING IS AT STAKE - Maryland's Thoroughbred racing industry is not just a sport—it is a major economic driver, a rich cultural tradition, and a critical employer in both rural and urban communities. The proposed 1% reduction to the PDA threatens to unravel the hard-fought progress we have made and risks crippling an industry that contributes hundreds of millions of dollars to Maryland's economy each year.

We strongly urge the members of Appropriations and Ways and Means to reject this particular DLS recommendation, as the long-term damage it would cause far outweighs any short-term budgetary benefit. We welcome the opportunity to discuss this matter further and work toward solutions that protect the future of Maryland racing, the thousands of jobs it supports, and the economic benefits it provides to the state.

OTHER STATUTORY CHANGES REQUESTED TO ADDRESS CUTS IN RACING DAYS - Under current law, Section 11–518(e) of the Business Regulation Article requires a nominal deduction of up to 2.0% of all thoroughbred race purses to be allocated to the MTHA to support our organization's efforts – including our benevolence program, counseling efforts, horsemen's health program, recreational programming, and much more. As part of House Bill 1524 of 2024 and to ensure the long-term success of the new nonprofit that will oversee day-to-day racing in the State, the MTHA reduced the annual number of racing days by 19%: from 155 in 2024 down to 127 in 2025. The MTHA is reinvesting those purse savings into the new nonprofit's operating budget to ensure that racing is fiscally sustainable. The reduction in racing days, and the corresponding reduction in open purses allocated to MTHA, will have a direct impact on the organization's benevolent service offerings without the statutory change below that will inevitably save the state money from having to provide these services to low- and moderate-income backstretch workers: "*Section 11–518(e): The organization that represents a majority of the owners and trainers in the State shall set an amount not less than 1% but not more than [2%] 3% that shall be deducted from all open purses and paid to the organization.*"

Thank you for your time and consideration.

David Richardson
Executive Director
Maryland Thoroughbred Horsemen's Association

MMHA - 2025 - HB352 - FWA.pdf
Uploaded by: Matthew Pipkin
Position: FWA

House Bill 352

Committees: Appropriations and Ways and Means
Bill: Budget Reconciliation and Financing Act of 2025
Date: 2/27/25
Position: Favorable with Amendments

The Maryland Multi-Housing Association (MMHA) is a professional trade association established in 1996, whose members house more than 538,000 residents of the State of Maryland. MMHA's membership consists of owners and managers of more than 210,000 rental housing homes in over 958 apartment communities and more than 250 associate member companies who supply goods and services to the multi-housing industry.

Relevant to MMHA, House Bill 352 ("HB 352") doubles the annual cost for residential rental units to register with the Maryland Department of the Environment's (MDE) Lead Rental Registry. HB 352 increases the individual unit cost from $30 per year to $60 per year, which would be paid on a two-year basis. Additionally, HB 352 increases the fee by 400% for a lead free report to MDE from $10 to $50.

First and foremost, MMHA would like to state their support for the Lead Paint Program at MDE. MMHA members spend a significant amount of time, effort and expense in achieving compliance for the program. MMHA believes that the program is beneficial to the general health and welfare of the public.

Please note that the Lead Rental Registry fee only applies to rental properties that were built prior to 1978, which generally comprise much of Maryland's naturally occurring affordable housing. According to Maryland's Department of Housing and Community Development Secretary Jake Day, Maryland currently lacks 96,000 affordable housing units. **As a result, the increased fees proposed in HB 352 would specifically target naturally occurring affordable housing, effectively increasing the cost of housing for these Maryland residents and further contribute to Maryland's shortage of affordable housing units.**

In last year's written testimony[1] offered by MDE on this legislation, the Department listed out "Guiding Principles" in their approach to deciding on the issue of fees. I would like to highlight the third principle:

> "*Responsible Party Pays:* A person who is receiving a service from MDE or who has created a problem that MDE must address should be the person who pays."

Based on separate information provided by MDE, properties that MDE identified with lead hazards in 2021 were 43% owner-occupied. Rental housing made up about half of that at 22%. Housing providers are willing to pay for their fair share of the program, but MMHA would

[1] Maryland Department of the Environment. *HB 245: Department of the Environment - Fees, Penalties, Funding, and Regulation - Written Testimony.* Written by Leslie Knapp, Jr., 26 Mar. 2024.

encourage the General Assembly to seek out and find a more equitable solution to long-term funding.

Given the public health implications and the continued financial stress on housing providers, MMHA encourages the General Assembly to allocate state funding in the budget to increase funding for the program. The source of funding for this vital public health program should not come at the expense of affordable housing. **For these reasons, MMHA encourages the General Assembly to remove the fee increases on affordable housing from HB 352.**

Please contact Matthew Pipkin, Jr. at (443) 995-4342 or mpipkin@mmhaonline.org with any questions.

BRFA Hearing - Alzheimer's Association Testimony.p
Uploaded by: Megan Peters
Position: FWA

ALZHEIMER'S ASSOCIATION®

Bill: HB 352 - Budget Reconciliation and Financing Act of 2025
Committee: Appropriations Committee and Ways and Means Committee
Position: Favorable with Amendments
Date: February 27, 2025

On behalf of the Alzheimer's Association, the leading voluntary health organization in Alzheimer's care, support, and research, we urge the Committees to **preserve funding for Maryland Department of Aging (MDOA) programs** that are vital for meeting the needs of people living with dementia and their caregivers. This includes **funding for MDOA's Long-Term Care and Dementia Care Navigation Program which is at risk of funding being permanently cut in half.**

Dementia is a public health concern, and funding for programs supporting people living with dementia is an important solution. There are several reasons dementia is a public health concern, including:

- **The prevalence of dementia in Maryland is substantial:** Based on a 2023 study, Maryland has the highest prevalence of Alzheimer's in the nation.[1] Additionally, a recent study published in Nature Medicine estimates the risk of developing dementia after age 55 is much higher than what has been suggested in previous studies.[2] While studies use different methods and populations, which may lead to different results, all of the studies in recent years point to increased risk and prevalence in the years ahead.

- **The cost of care is significant:** The total lifetime cost of care for a person living with dementia, is estimated at almost $400,000 – more than double the cost of someone without dementia. When incurring these costs, most individuals with dementia will spend down their income and assets and eventually qualify for Medicaid. In Maryland, the estimated Medicaid costs in 2020 for caring for people living with Alzheimer's in 2024 was $1.2 billion.

- **Dementia takes a devastating toll on caregivers:** Maryland has an estimated 247,000 caregivers, many who are family or friends, providing 405 million hours of unpaid care each year to a loved one with Alzheimer's. Compared with caregivers of people without dementia, twice as many caregivers indicate substantial emotional, financial and physical difficulties.

In recent years, Maryland has advanced policies to support people living with dementia. We cannot afford to reverse our efforts. The impact – both on people living with dementia, their

[1] Dhana K, Beck T, Desai P, Wilson RS, Evans DA, Rajan KB. Prevalence of Alzheimer's disease dementia in the 50 US states and 3142 counties: A population estimate using the 2020 bridged-race postcensal from the National Center for Health Statistics. *Alzheimer's Dement*. 2023; 19: 4388–4395. https://doi.org/10.1002/alz.13081
[2] Fang, M., Hu, J., Weiss, J. *et al.* Lifetime risk and projected burden of dementia. *Nat Med* (2025). https://doi.org/10.1038/s41591-024-03340-9

caregivers, and Maryland's economy – will only worsen if we do not prioritize funding for dementia programs. The MDOA has several cost-effective programs that support people living with dementia.

Specifically, the Alzheimer's Association urges the Committee to **preserve funding for MDOA's Long-Term Care and Dementia Care Navigation Program (the Program)** which is at risk of funding being permanently cut by 50% through statutory language in the Budget Reconciliation and Financing Act of 2025.

- This Program, established by legislation in 2023, **helps caregivers navigate the complex maze of dementia care** through programs in each Area Agency on Aging (AAAs).[3] The AAAs provide assistance with care planning; support groups; cognitive screening; and more. Wisconsin, Indiana, Georgia, and South Carolina have similar programs. The 2023 legislation mandated $2.4 million of funding annually from the State budget.
- **Dementia navigation programs can reduce health care costs**, improve quality of life for people living with dementia, and reduce caregiver stress.[4] With Maryland spending over $1.2 billion caring for people living with Alzheimer's on Medicaid, this Program can help families continue caring for their loved ones and reduce the strain on Medicaid.
- In the Program's first fiscal year of funding (FY25), the budget was reduced 50% from $2.4 million to $1.2 million. Now, the Budget Reconciliation and Financing Act of 2025 will make this budget cut permanent in statute. **We urge the Committee to preserve and restore funding.**

Please contact Megan Peters, Director of Government Affairs at mrpeters@alz.org with any questions.

[3] Chapter 668 and Chapter 667 of the Acts of 2023 - Department of Aging - Long-Term Care and Dementia Care Navigation Programs. https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/SB0228?ys=2023RS&search=True
[4] Kallmyer BA, Bass D, Baumgart M, Callahan CM, Dulaney S, Evertson LC, Fazio S, Judge KS, Samus Q. Dementia care navigation: Building toward a common definition, key principles, and outcomes. Alzheimer's Dement (N Y). 2023 Aug 1;9(3):e12408. doi: 10.1002/trc2.12408. PMID: 37533688; PMCID: PMC10392594.

Amendment to HB 352

On page 48, in line 27, in each instance, strike the bracket, and strike $1,200,000 so the bill reads as follows:

> For fiscal year 2025 and each fiscal year thereafter, the Governor shall include in the annual budget bill an appropriation of **[**$2,400,000**]** ~~$1,200,000~~ to manage the long–term care and dementia care navigation programs statewide and to fund the programs locally.

2-27-25 HB 352 Budget Reconciliation and Financing
Uploaded by: Nancy Soreng
Position: FWA

TESTIMONY TO THE HOUSE WAYS AND MEANS and THE HOUSE APPROPRIATIONS JOINT COMMITTEE HEARING

HB 352 Budget Reconciliation and Financing Act of 2025

POSITION: Support with Amendments

BY: Linda Kohn, President

DATE: February 27, 2025

The League of Women Voters of Maryland has conducted three studies of Maryland's Fiscal Policy over the last few decades. Fact Sheets were presented to our members at our local Leagues located on the Eastern Shore, in Southern Maryland, Western Maryland and all of the counties in between. After lengthy discussions among our members, they came to the following consensus on these key principles for Maryland's Fiscal Structure:

- Adequate yield: Adequate and timely revenues are available to finance planned expenditures.
- Equity/Fairness: A graduated tax which will collect a greater percentage of income from those with higher incomes than those with lower income.

We also support:

- A sales tax with exemptions to decrease regressivity
- The benefit principle: a tax or fee will be levied in proportion to the benefit received. Use of this principle must include an assessment of the impact on low-income people.
- Certainty: The tax is difficult to avoid

We are concerned about many of the cuts called for in the Governor's' budget and hope that rather implementing the bulk of those cuts you adopt his proposals for revenue enhancement. We particularly support the proposed $0.75 on home delivery orders by large companies with the caveat that grocery delivery (non-prepared food) will be exempted. The League has always supported maintaining the solvency of the Transportation Trust Fund and while this measure alone will not assure that, it is a step towards that goal.

We also strongly support the revenue generation elements in the BRFA that mesh with measures included in the Fair Share Act of 2025, but hope you will go farther and adopt the Governor's proposal along with the complete components of Fair Share. You have a difficult task ahead of you. We urge you to act boldly and address our budget woes with true solutions rather than eliminating the many programs and services that will attract new residents and businesses to Maryland and not diminish the satisfaction with the quality of life of those who already live here.

We ask for a favorable report on HB 352 with amendments.

121 Cathedral Street, Suite 2B, Annapolis, MD 21401
410-269-0232 * info@lwvmd.org * www.lwvmd.org

FWA Testimony

Uploaded by: Sasha Desrouleaux
Position: FWA

THE PRINCE GEORGE'S COUNTY GOVERNMENT

OFFICE OF THE COUNTY EXECUTIVE

BILL:	**House Bill 352 – Budget Reconciliation and Financing Act of 2025**
SPONSOR:	**The Speaker (By Request-Administration)**
HEARING DATE:	**February 27, 2025, 1:00PM**
COMMITTEES:	**Appropriations**
	Ways and Means
CONTACT:	**Intergovernmental Affairs Office, 301-780-8411**
POSITION:	**SUPPORT WITH AMENDMENTS**

The Office of the Acting Prince George's County Executive **SUPPORTS WITH AMENDMENTS Senate Bill 352**, which proposes a variety of actions to balance the State's FY 2026 budget. This includes changes to taxes and fees modifications to mandated appropriations, local government cost sharing and other actions. This proposal furthers the State's strategy to shift costs and funding responsibilities onto local jurisdictions, ignoring past commitments. As introduced, HB 352 will greatly affect county revenues and place unsustainable pressures on important services relied upon by our most sensitive populations: our students and educators.

The County respectfully requests that the Teacher Retirement Supplemental Grant be restored. The proposed bill contains the complete repeal of this assistance by FY 2027. The bill seeks to achieve this phase-out over two stages, first reducing the grant by 50% in FY 2026, and then again by a 100% cut in FY 2027. This phasing out will result in the County losing $4.8 million in FY 2026 and $9.6 million in FY 2027. This grant was designed to assist lower wealth counties with this large cost. The resulting downward revision in expected revenues is likely to trigger the need for additional reductions elsewhere in the school system's delicate budget.

Further, when the State enacted legislation in 2012, it did so after long negotiation with its local partners with consideration to their financial capacity to continue to support the goal of teacher retention. The agreement reached between the State and County held subsequent county administrations to pay the normal cost for teachers while the State promised to pay the unfunded liability. House Bill 352 will change this arrangement by requiring local governments to also pay a portion of the unfunded liability. Prince George's would be required to pay $12.6 million in FY 2026.

Additional concerns are raised by the State's request that the local administration, for the first time, also cover the retirement costs for Community College employees. The changes contained in HB 352 will add an additional $400,000 in FY 2026 to the County's responsibilities for local education.

As demand for special education continues to grow, the County's budget for individuals with developmental challenges grows with it. Under current law, local jurisdictions pay 300% of the cost of educating a student plus 30% of the excess for any non-public special education placement. The Administration cautions that SB 321's proposal to increase the local share of the excess cost to 40% in FY 2026 and 50% in FY 2027 and beyond may not be sustainable. This provision would cost the Board of Education an additional $3.9 million in FY 2026 alone.

The proposal also increases the County's contribution to the operating costs for the State Department of Assessments & Taxation from the current 50%, up to 90%. If this provision is adopted, it will add an additional unplanned cost the County of $2.6 million in FY 2026. Again, while the County acknowledges the budget concerns faced at the state level, we urge members of this committee to consider the serious negative impacts which will be felt by local jurisdictions and critical local services downstream.

Finally, HB 352 eliminates itemized deductions and increases the standard deduction. The bill will also add two new tax brackets for high earners and lower the tax rate from 4.75% to 4.7% for filers making up to $100,000. While the Administration welcomes the projected revenues, it is our belief that the Comptroller's presented estimates of $45 million in FY 2026 may be too high. The presented estimates do not consider the reality surrounding extended tax collection, which in many cases can take up to two years, and the distribution of revenues to counties, which can extend across 3 fiscal years through quarterly distributions, a more realistic expectation of revenues in FY 2026 may be closer to $17 million.

For the reasons stated above, the Office of the Acting Prince George's County Executive **SUPPORTS House Bill 352 WITH AMENDMENTS** and asks for a **FAVORABLE** report.

DBM Testimony
Uploaded by: Secretary Grady
Position: FWA

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor

Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

HELENE GRADY
Secretary

MARC L. NICOLE
Deputy Secretary

HOUSE BILL 352/SENATE BILL 321

BUDGET RECONCILIATION AND FINANCING ACT OF 2025

House Appropriations Committee
House Ways & Means 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.

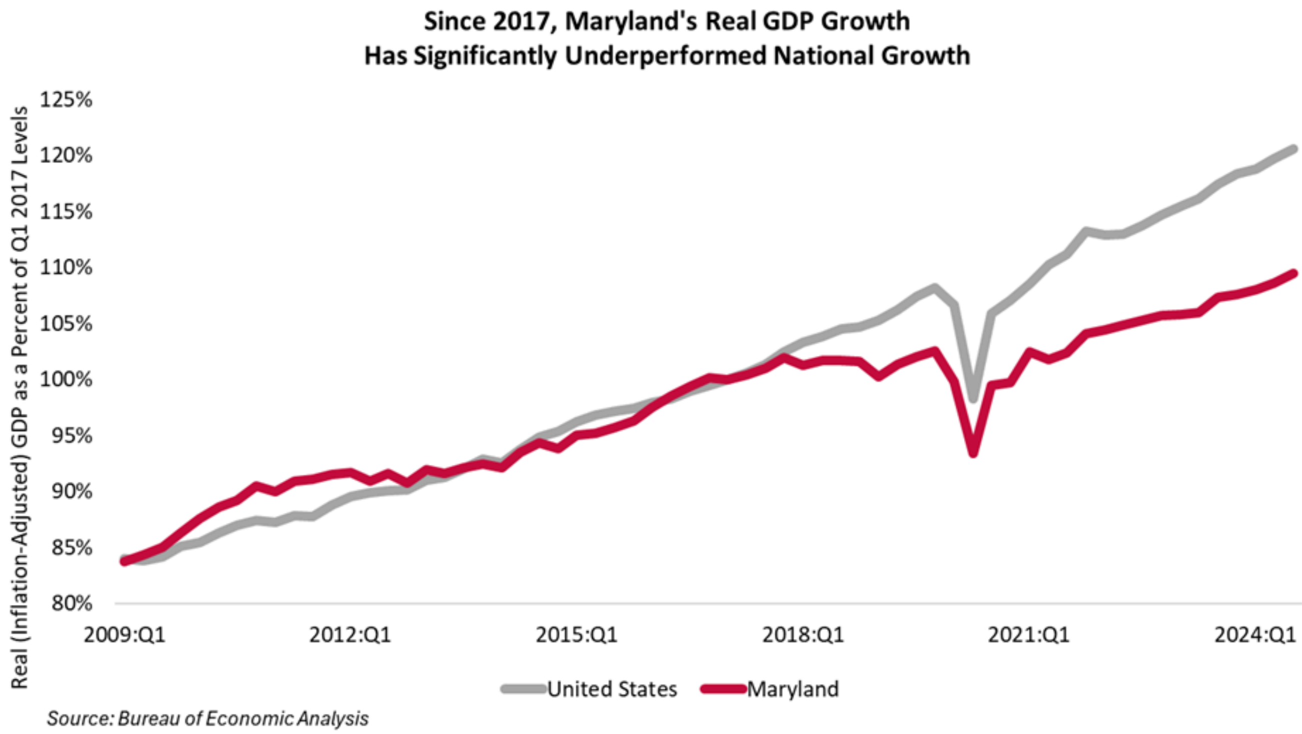
The budget challenge will be exacerbated by the policy changes that President Trump and the Republican-led Congress are pursuing, including cutting federal spending, slashing safety net programs and altering the tax code, all of which could negatively impact Maryland's workforce, economy, and budget.

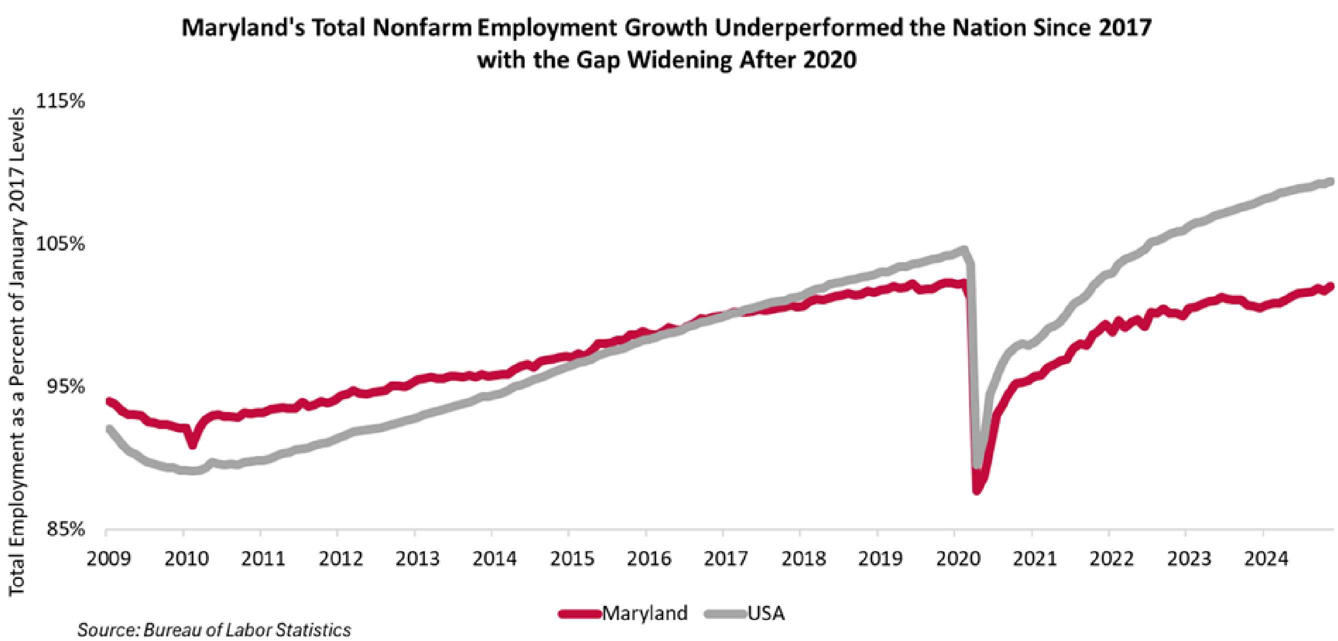
The Administration has warned of the challenging outlook since before the release of its first budget in 2023. Over the last two years, we have made targeted spending reductions alongside responsible investments to narrow the budget gap. This Administration's first budget proposal left an $820 million 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.

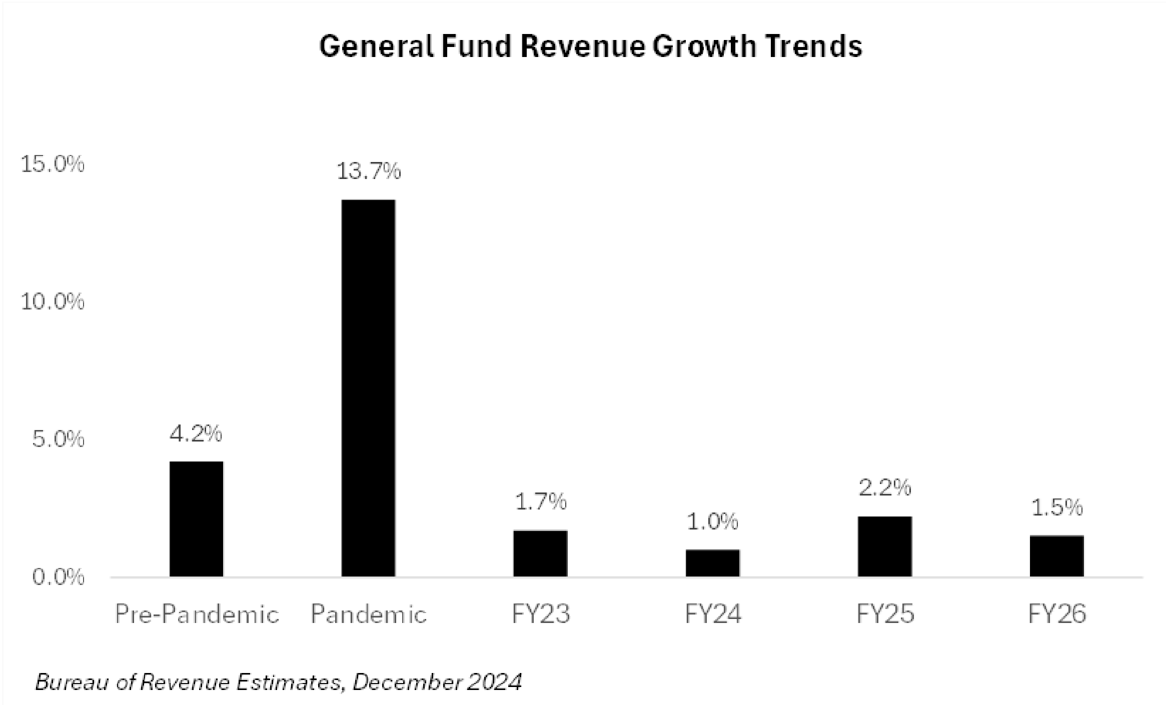
The State operating budget grew at a significant clip through the pandemic. From FY 2019 through FY 2023, the total budget (all funds) grew by $20 billion from $44 billion to $64 billion—45 percent growth in four years. The General Fund grew by 55 percent or $10 billion over the same period, from $18 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

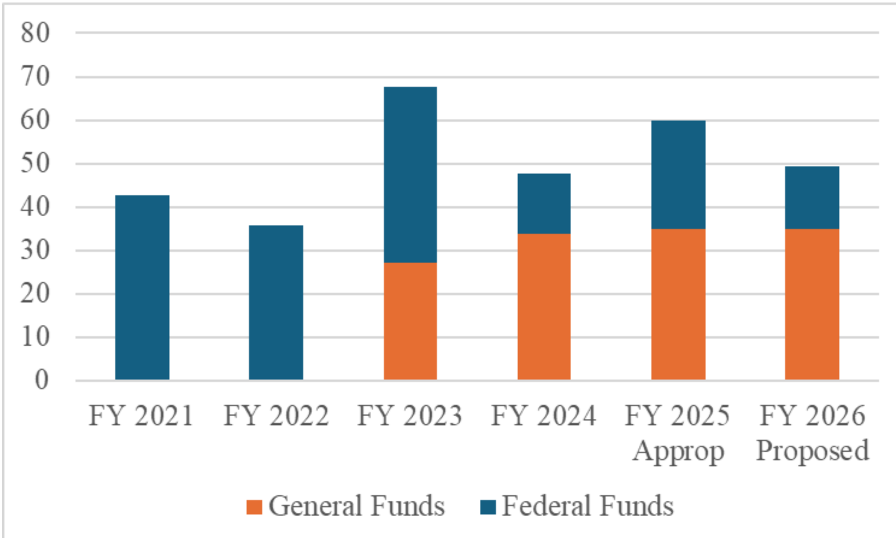
	FY 21	FY 22	FY 23	FY 24	FY 25 Approp	FY 26 Est	FY 26 Proposed
Actual/Project	114.2	126.7	141.4	148.6	151.6	172.1	147.1

- 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.

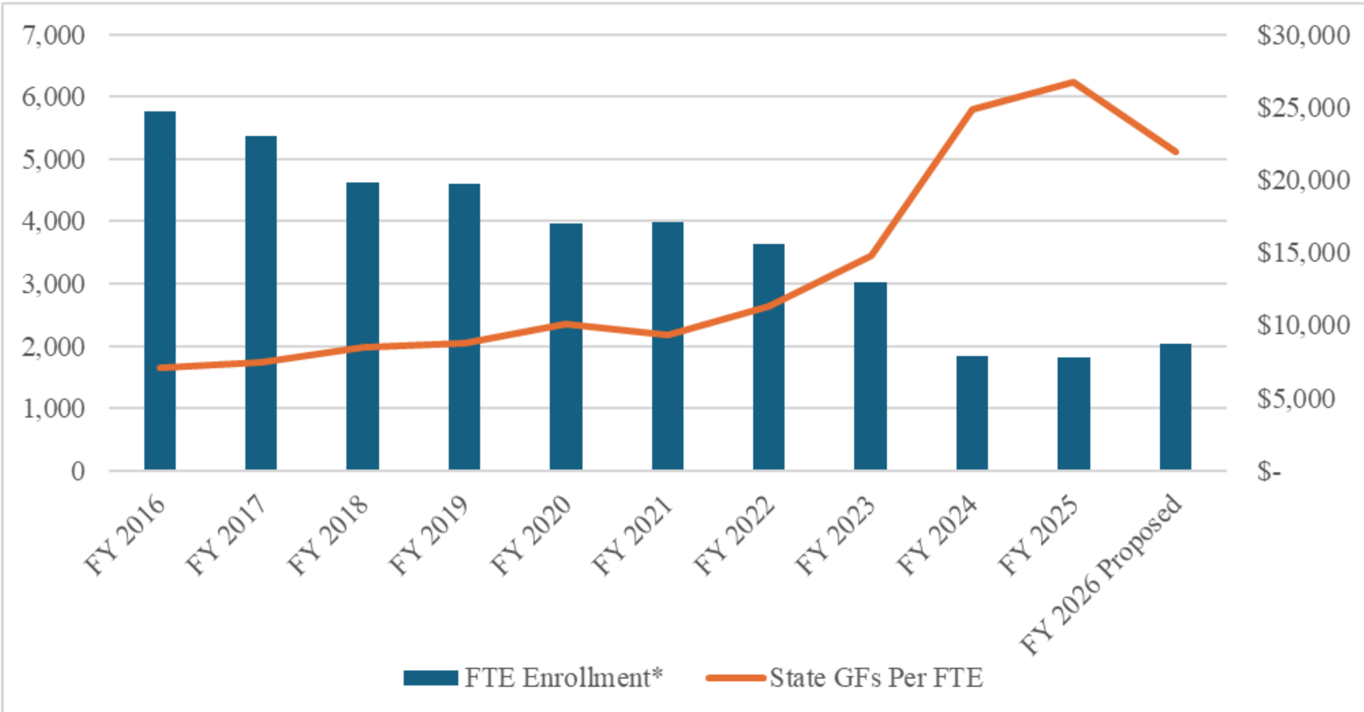
- o FY 2026 GF Savings - $10.8 million

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.
  - o 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.
  - o 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.
  - o 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.
  - o FY 2026 GF Savings - $3.6 million

Baltimore City Community College Enrollment and Funding History

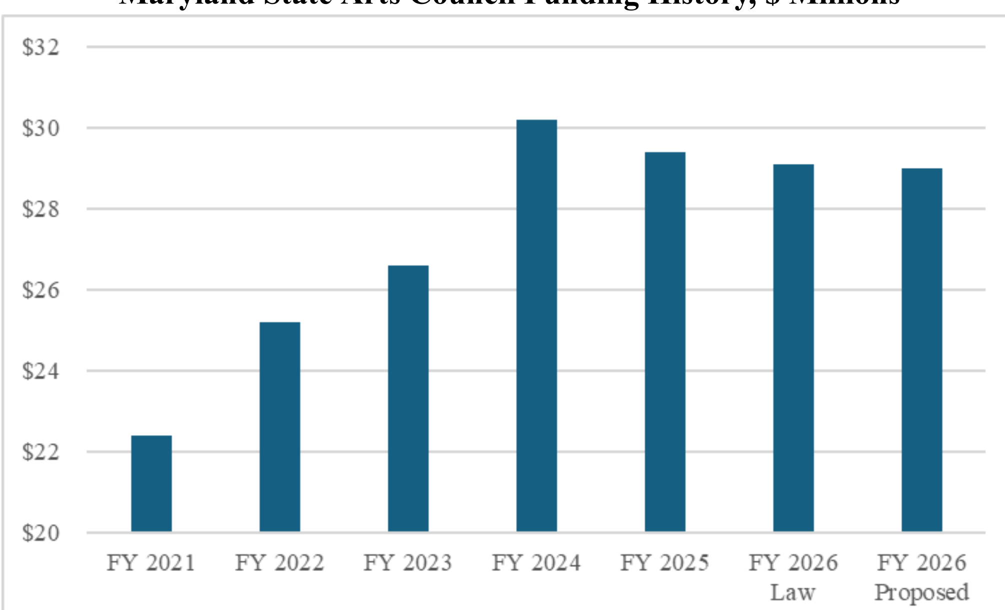


*Due to timing of data, funding is based on enrollment from two years prior, i.e. fall 2024 aligns with FY 2026 funding.

- 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

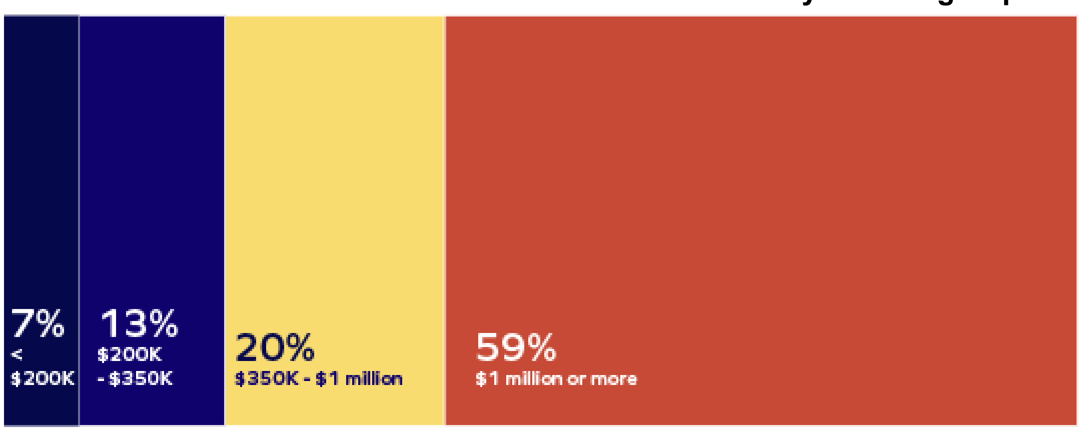
To make smart investments and ensure we are the state that serves, Maryland needs a tax system that is simpler, fairer, and built for the state's future growth and prosperity. Maryland's current tax system is unnecessarily confusing, burdensome, and redundant. It's also vulnerable to the ongoing chaos 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.

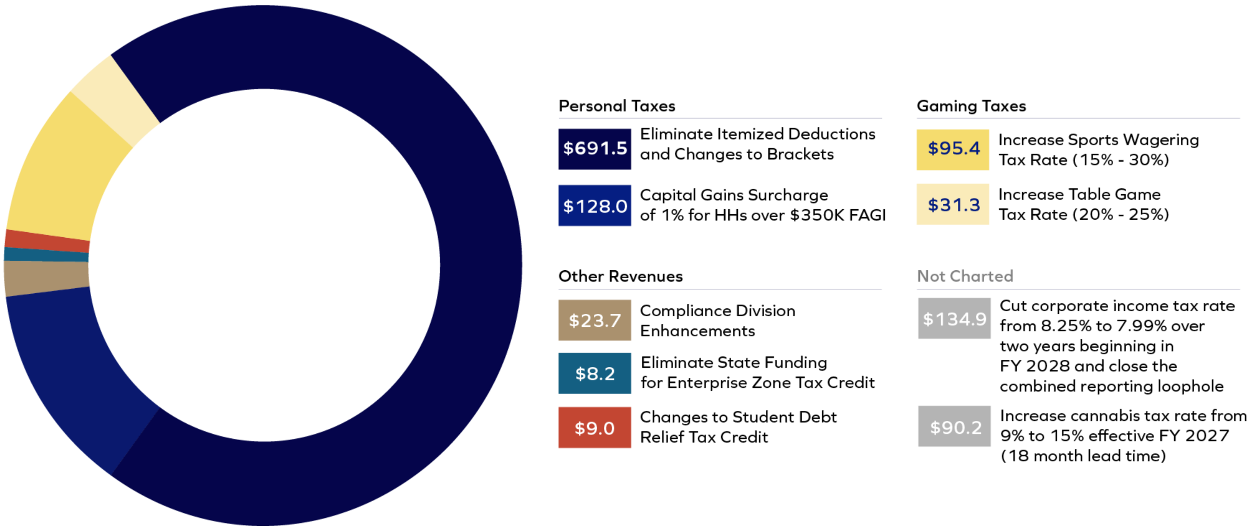
Share of net individual income tax revenue contribution by income groups



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

[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.

reform package are the tax rate changes, and those would only apply to a business earning more 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.

- 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

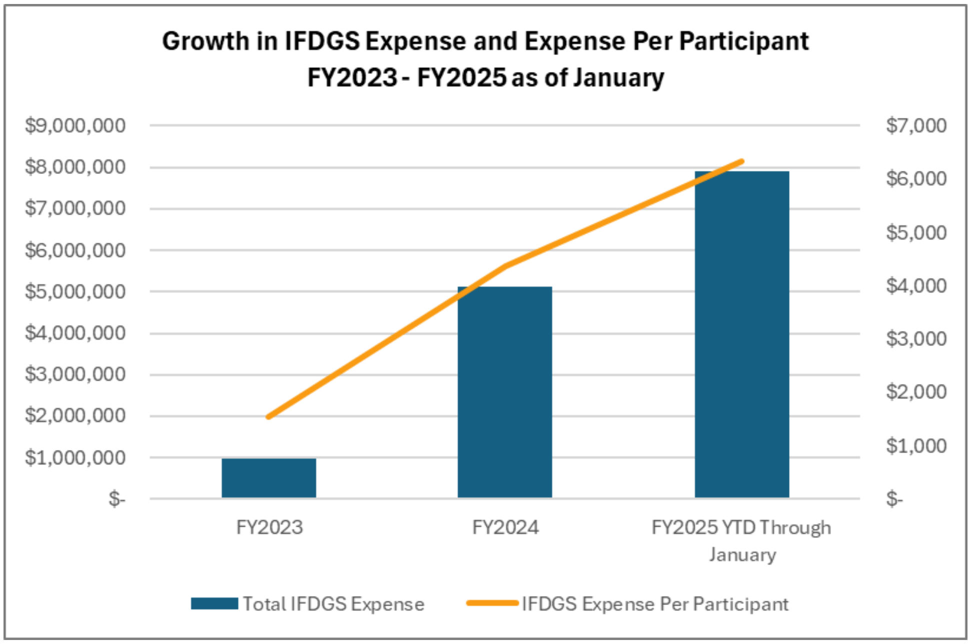
- Establishes a new 0.15% charge on contributing employers to cover the costs of administering the Unemployment Insurance program in Maryland, to be placed into the Special Administrative Expense Fund (SAEF). The Division of Unemployment Insurance (DUI) at the Department of Labor has faced funding shortfalls 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.

- <u>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</u> 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.

<u>Proposed Amendments</u>

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.

FY26 BRFA testimony - final 02-24-25 1130.pdf
Uploaded by: Steven Schupak
Position: FWA

R15P00

Maryland Public Broadcasting Commission

Fiscal Year 2026 Operating Budget

Budget Reconciliation and Financing Act

MARYLAND HOUSE OF DELEGATES

Appropriations Committee

February 27, 2025

and

MARYLAND SENATE

Budget and Taxation Committee

February 28, 2025

SUMMARY

Your committee is considering an FY26 BRFA that damages MPT in two distinct ways: First and most severe is the proposal to repeal the 2017 legislation that provides a future years' funding formula that protects your public TV network from the vagaries of political whims when it comes to federal and state funding. The second damage comes from a cut of $778K from our operating budget.

The proposed FY26 budget with its "contingent" reduction of $778K eliminates the intent of the General Assembly. It cuts the legislatively approved funding for the Center for Maryland History Films and other critical, already-begun activities at Maryland Public Television. This center, thanks to the General Assembly, recently produced nationally viewed and acclaimed shows about Marylanders Harriet Tubman and Frederick Douglass and will premiere its next nationally televised documentary on Thurgood Marshall later this year. Moreover, the cut could halt new documentary production on the historical Maryland State House intended for national audiences.

The legislature's mandated funding of the center (via the formula) and other MPT projects provides certainty. Show productions start and are built on guaranteed funding in future years. Production cannot occur on a year-to-year basis. Elimination of the legislature's funding plan nullifies any assured program production by the center, and if the **Center for Maryland History Films** does not produce these shows – and their accompanying curriculum-based educational content – about Marylanders and Maryland, who will? No one.

Finally, these proposed cuts come at a time when MPT faces other jeopardy arising from funding threats at the federal level to public broadcasting in the U.S.

Please oppose the repeal of the law [Maryland Code, Education Article, § 24-204(d)] to allow your statewide network to retain the enacted funding formula.

Introduction: highlights of the year

The team at Maryland Public Television conveys its sincere thanks to the State of Maryland for the FY25 appropriation that has fueled a wide variety of educational, engagement, and programming initiatives for the benefit of the citizens of Maryland.

As noted above, General Assembly funding beginning in 2017 enabled us to launch the Center for Maryland History Films. Thus, we were able to share with the nation two noteworthy MPT films focused on Marylanders Harriet Tubman and Frederick Douglass and shown in all top 100 U.S. markets – and viewed by a combined audience of 12.9 million people. As we alluded to above, these films set the stage for still another history production – a documentary about Maryland-native Supreme Court Justice Thurgood Marshall – that is now in the works for a fall 2025 national PBS premiere.

<u>Serious threats that jeopardize our future</u>

A new administration in the Nation's Capital has certainly raised fears that steps taken on the national level will severely impact our state. We see that threat in these ways:

- A new administration in Washington has voiced its intention to remove funding to the Corporation for Public Broadcasting, the source of radio and TV stations' federal financial support.
- Similarly, if federal grants to Maryland's numerous governmental agencies dwindle, the revenue earned by our ad agency division (the Maryland State Ad Agency – which has served state agency clients since 2017) will drop as well, and the messages we create for these clients – such as the Maryland Department of Health on opioid dangers – will be halted.
- If there's belt-tightening impacting federal employees (upwards of 150,000 reside in Maryland), we expect our membership rolls and associated revenue to fall as the employees suffer downgrading or loss of their jobs.
- Direct federal grants to MPT's education enterprise from the U.S. Department of Education could cease if that federal unit is eliminated or its funding frozen, as has been threatened. Merely one example: Since 1995, MPT has partnered with the Department of Education in the *Ready To Learn* project to develop high-quality educational media and resources to advance critical early learning skills for children ages 2-8 to help them succeed in school, work, and life.

Closer to home, the proposed measures zeroing in on MPT's Center for Maryland History Films could make the Thurgood Marshall documentary our last. Without funding certainty, there are no future productions about Maryland and its people.

Even as we express gratitude for your past support and endorsements, we call your attention to the budget measures proposed for FY26 – measures we strongly oppose.

OPPOSE: Repeal of funding formula law enacted in 2017

The FY26 BRFA proposes the repeal of a law that passed unanimously in the Senate and overwhelmingly in the House in 2017. This statutory requirement ensures that MPT will be funded at the level of its current-year appropriation and increased by a percentage equal to the state's General Fund growth. When the Senate and the House spoke via this legislation, they were protecting MPT from the uncertainties of federal funding, the uncertainty of Special Funds revenue, and unpredictable swings in media consumption patterns and so on.

Since the year 1966 – the year of our founding legislation – there have been 14 laws enacted in Maryland dealing with MPT. All of them were supportive of the public-serving mission of our organization and all aided our financial well-being. Senate Bill 1034 that became law on June 1, 2017, was the most visionary and affirming legislation in our history, encouraging MPT to sustain its reputation as one of the top stations devoted to service to its own citizens and protecting the statewide network from unforeseen fiscal challenges from outside Maryland.

To repeal that landmark law now seems to second-guess the House and Senate commitment to quality television … to undercut the public safety requirements that our towers, transmitters, and technology support statewide … and to hamstring the making of entertaining, engaging, and educational content.

OPPOSE: Reduction of $778K in FY26 appropriation

Slashing $778K from our General Fund appropriation for FY26 slams the brakes on what we've publicly committed – to the legislature and to our viewers – namely, to further grow the new Center for Maryland History Films.

If you were proud that Maryland brought to the nation the landmark films on Harriett Tubman and Frederick Douglass in 2022 – two productions that aired in 186 separate markets in the U.S. and were viewed by a combined 12.9 million people – then you can appreciate our concern that Tubman and Douglass might be among the first and the last films of a short-lived Center for Maryland History Films, not the pacesetters for all future history programs focused on Maryland.

Remove the money and MPT will broadcast the promised Thurgood Marshall documentary that was funded, but then we'll have to close up shop. Making national films about historic, impactful Marylanders; major events in Maryland history; and noteworthy historic places (such as the State House) is an enterprise that you applauded and funded for its initial years. A $778K cut will, most assuredly, give you less to applaud about where MPT is concerned. But that is far from all.

The Legislature always praises the reach of our educational activities and the breadth of the community and civic engagement that we achieve. Many persons joined First Lady Dawn Moore in heralding the brand new Maryland Center for Media Literacy & Education (launched in November 2024). You have seen the public safety aspects of our transmission towers and technologies. And you have heard about the record-setting tally of regional Emmy Awards that testify to the quality and high standards of our local productions. **A $778K cut from a $14.05 million general fund appropriation (an approximately 6% drop) slices at history and education and community work right down the line and could cause our workforce to be reduced.**

We strongly urge this committee to overturn the budget measures proposed for FY26.

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The Maryland Legislature created this law. Don't let it be repealed.

MD Code, Education, § 24-204 (d)
Maryland Public Broadcasting Commission

The FY26 Budget Reconciliation and Financing Act proposes repeal of a 2017 law that passed unanimously in the Senate and overwhelmingly in the House.

This statutory requirement ensures that MPT will be funded at the level of its current-year appropriation and increased by the state's General Fund growth. Further, the law provides for the state to step in if federal funding is cut.

When the Senate and the House spoke via this legislation, they protected MPT from the vagaries of federal funding – from threats made by past, present, and future presidential administrations to halt funding for public broadcasting.

Since 1966 – the year of our founding legislation – there have been 14 laws enacted in Maryland dealing with MPT. All were supportive of the public-serving mission of our organization and all helped ensure our ability to continue serving Maryland citizens.

Senate Bill 1034 that became law on June 1, 2017, was the most visionary and affirming legislation in our history – encouraging MPT to sustain its reputation as one of America's leading producers of public TV broadcast content and protecting it from unforeseen fiscal challenges from outside Maryland.

To repeal that landmark law now thwarts House and Senate commitments to quality statewide TV … undercuts the public safety requirements that our towers, transmitters, and technology support statewide … and hamstrings the making of educational and engaging Maryland-centric content.

Please oppose the repeal of MD Code, Education, § 24-204 (d).

Testimony submitted by:

Steven J. Schupak – Executive Vice President &
Station Manager
Maryland Public Television / Maryland Public Broadcasting
Commission

February 25, 2025

Testimony
Uploaded by: Monique Ashton
Position: INFO

Mayor and Council of Rockville
House Bill 352 – Budget Reconciliation and Financing Act of 2025
Letter of Information

The Mayor and Council of Rockville are thankful to Chair Barnes and Chair Valderrama and members of the House Appropriations and Ways and Means Committees for the opportunity to share comments on HB 352. We respectfully submit this letter of information to the Committee for its consideration.

The City of Rockville acknowledges the significant fiscal challenges facing the General Assembly and Governor as they work to address the State's $3 billion funding gap in FY26. The high level of uncertainty at the Federal level due to the unresolved FY25 budget and related matters adds further complexity.

There are FY 26 Budgetary proposals made by the Governor that would have a positive impact on Rockville and Maryland as follows:

- The Governor's economic growth agenda and proposed investments to bolster Maryland's economy, support increased business investment and presence in Maryland, the creation of good-paying jobs in emerging industries, and the provision of more opportunity for those who live, work, and visit Maryland.

- The Governor's proposed investment in municipal highway user revenues is an important source of State funding that helps Maryland municipalities to fund the construction and maintenance of critical infrastructure networks that support the economy and help communities thrive.

There are FY 26 budget proposals in the legislation that would result in negative impact as follows:

- The proposed $250,000 reduction in funding for the Southern Maryland Agricultural Development Commission (SMADC). This reduction would have significant negative consequences, not only for Maryland's agricultural economy but also for Rockville residents who rely on food assistance programs and the local farmers who serve our community.

- Eat Fresh Rockville is jointly funded by the City of Rockville ($30,000) and SMADC ($20,000-$25,000 in grants annually). Should SMADC's funding be reduced, the program may face severe challenges, including Reduced matching funds for Supplemental Nutrition Assistance Program (SNAP) and Farmers Market Nutrition Program for Women, Infants, and Children (FMNP-WIC) participants, impacting vulnerable families who rely on fresh, healthy food. It would also place an increased financial burden on the City. If the program is forced to shut down, vital support to low-income residents would be cut off

- The proposed FY 26 $235 million in cuts to the Developmental Disabilities Administration will have significant negative impact to individuals with disabilities and families who rely on these essential services, including housing, behavioral support, nursing, transportation, family support, and employment.

In closing, the City of Rockville is thankful to the Committee for its important work on the State's FY26 budget. We thank you for considering the City's comments on HB 352.