Department of Legislative Services

Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 362 (The President)(By Request - Administration)
Budget and Taxation Appropriations

Budget Reconciliation and Financing Act of 2024

This Administration bill executes actions to increase revenues, provide mandate relief, contain costs, use special funds in place of general funds, and reduce future year general fund expenditures, in addition to other actions. **Although the bill generally takes effect June 1, 2024, several provisions take effect July 1, 2024.**

Fiscal Summary

State Effect: General fund revenues increase by $469.4 million in FY 2024 and $284.9 million in FY 2025. General fund expenditures decrease by $24.5 million in FY 2024 and $129.0 million in FY 2025. Special fund revenues decrease by $82.3 million in FY 2024 and increase by $320.3 million in FY 2025. Special fund expenditures increase by $4.5 million in FY 2024 and decrease by $15.8 million in FY 2025. Federal fund and nonbudgeted expenditures decrease beginning in FY 2025. Future years reflect the ongoing effects of the bill. **This bill affects existing mandated appropriations.**

($ in millions)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
GF Revenue	$469.4	$284.9	($42.2)	($42.5)	$33.6
SF Revenue	($82.3)	$320.3	$497.2	$551.8	$475.3
GF Expenditure	($24.5)	($129.0)	($114.8)	($458.0)	($83.7)
SF Expenditure	$4.5	($15.8)	($83.1)	$394.5	$86.0
FF Expenditure	$0	($0.9)	($0.3)	($0.2)	($0.2)
NonBud Exp.	$0	($0.8)	($0.3)	($0.2)	($0.2)
Net Effect	$407.2	$751.7	$653.4	$573.2	$507.0

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

Local Effect: Local finances are generally affected beginning in FY 2025, as discussed below. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: The Administration has determined that this bill has a meaningful impact on small business (attached). The Department of Legislative Services (DLS) concurs with this assessment, as discussed below. (The attached assessment does not reflect amendments to the bill.)

Analysis

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

Mandate Relief

- Repeals the requirement that the Governor provide at least $700,000 in general funds for specified costs and investigations in the Office of the Attorney General Consumer Protection Division in fiscal 2025 and reduces the mandate to at least $350,000 beginning in fiscal 2026.
- Repeals the School Construction Revolving Loan Fund program and authorizes the Governor to transfer $40.0 million from its fund balance to the Blueprint for Maryland's Future Fund.
- Alters, beginning in fiscal 2025, the calculation for the Senator John A. Cade Funding Formula for the distribution of funds to local community colleges.
- Alters, beginning in fiscal 2025, the calculation for apportionment to qualifying institutions for funding under the Joeseph A. Sellinger Program for private institutions of higher education.
- Alters, beginning in fiscal 2025, the mandate for the Business Façade Improvement Program to allow the use of general obligation bonds to meet the $5.0 million funding requirement.
- Suspends, for fiscal 2025 only, the requirement that the Governor provide at least $1,794,000 in general funds for the Fisheries Research and Development Fund.
- Reduces, beginning in fiscal 2025, the annual funding the Governor must provide to the Mel Noland Woodland Incentives and Fellowship Fund from $1.0 million to $500,000.
- Repeals the requirement to distribute $10.0 million to the Local Income Tax Reserve Account in fiscal 2024 and 2025; specifies that, from fiscal 2026 through 2060, the annual $10.0 million distribution to the Local Income Tax Reserve Account is to repay $350.0 million transferred from the account to the Education Trust Fund as required in Chapter 484 of 2010; and ends that distribution to the Local Income Tax Reserve Account after the fiscal 2060 final payment is made.
- Reduces the amount of the supplemental contribution to the pension system that the Governor is required to make annually from $75.0 million to $50.0 million beginning in fiscal 2025 and repeals specified deductions for administrative fees.

- Alters the full-day prekindergarten funding formula by (1) delaying the initiation of funding of Tier II students from fiscal 2025 to fiscal 2026; (2) limiting fiscal 2026 Tier II funding to families with incomes more than 300%, but not more than 360%, of the federal poverty level; and (3) substantially increasing the annual per pupil funding amount for each year beginning with fiscal 2027.

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

- Expands, for fiscal 2025 only, the authorized uses of Blueprint for Maryland's Future funding for the Maryland Consortium on Coordinated Community Supports within the Maryland Community Health Resources Commission to include school-based behavioral health services and related reimbursements.
- Uses funds from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to satisfy the requirement that the Governor provide $2.5 million annually for tree plantings on public and private land, which applies for fiscal 2024 through 2031.
- Reduces the revenue volatility adjustment, in fiscal 2024 and 2025, by altering the maximum amount of projected nonwithholding income tax revenue that must, under certain circumstances, be subtracted from the projected general fund revenue estimate each year to $0.
- Redirects, for fiscal 2024 through 2028 only, interest earned on special funds of the State to the general fund, with specified exceptions.
- Reduces lottery agent sales commissions from 6% to 5.75% of gross lottery sales and reduces the prize ticket cashing commission from 3% to 2%.
- Repeals the small business relief tax credit program.
- Authorizes the Governor to transfer, to the general fund by June 30, 2025, $60.0 million from the balance of the reserve account that was established by the State to pay for unemployment benefits for State employees.
- Authorizes the Governor to transfer, by June 30, 2025, a total of $2,556,174 in special funds from the fund balances of three health professional licensing boards, as specified, to the Maryland Department of Health (MDH) Behavioral Health Administration.
- Authorizes the Governor to transfer, by June 30, 2025, $216,845 from the Health Information Exchange Fund to the Medical Care Programs Administration to support information technology activities.
- Authorizes the Governor to transfer, to the general fund by June 30, 2025, $193,474,476, as specified, from the Dedicated Purpose Account.
- Authorizes the Governor to transfer, to the general fund by June 30, 2025, $14.0 million from the Dedicated Purpose Account from funds held for critical maintenance at the Department of Natural Resources (DNR).

- Expands allowable uses of the Senior Prescription Drug Assistance Program Fund within MDH, to include the Kidney Disease Program and community mental health services to the uninsured beginning in fiscal 2025, and for fiscal 2025 only, also include depositing funds into health reimbursement accounts of certain State retirees transitioning to Medicare Part D.
- Authorizes the Governor to transfer, to the general fund by June 30, 2025, a total of $7,580,873 in unspent funds from the Dedicated Purpose Account originally appropriated in fiscal 2023. Specifically, the authorized transfers are from funds originally appropriated for assistance to assisted living facilities ($7,340,250), nursing homes ($132,321), and hospitals ($108,302).
- Authorizes the Governor to transfer, to the general fund by June 30, 2025, $4.5 million in unspent funds from the Dedicated Purpose Account originally appropriated in fiscal 2023 for Learning in Extended Academic Programs in the Maryland State Department of Education (MSDE).
- Authorizes the Governor to transfer up to $6,678,827 of available special funds from the Program Open Space State land acquisition fund balance by June 30, 2025, to DNR to replace general funds budgeted for personnel expenses in DNR for the Maryland Forest Service and the Maryland Park Service.
- Withdraws $2.0 million in pay-as-you-go (PAYGO) general funds from a fiscal 2022 capital appropriation of $7.4 million made to the Board of Public Works for the purpose of the demolition of the Baltimore City Community College (BCCC) Bard Building.
- Authorizes the Governor to transfer, to the general fund by June 30, 2024, $150,000,000 from the Local Income Tax Reserve Account, representing funds identified in the Office of the Comptroller's fiscal 2023 analysis as an overdistribution to the account net of canceled repayments.
- Increases the annual vehicle registration surcharge (from $17.00 to $40.00) and the maximum fine that may be imposed for specified alcohol- and/or drug-related driving offenses and alters the distribution of those revenues. Also makes other changes related to trauma care and emergency services.
- Establishes, effective July 1, 2024, (1) a transportation network company (TNC) impact fee on passenger trips that originate in the State, with at least a portion of such revenues pledged to repayment of principal and interest on consolidated transportation bonds and (2) a related TNC Impact Fee Account within the Transportation Trust Fund (TTF).
- Phases in increases in the annual vehicle registration fee for most classes of vehicles over two or three years, beginning in fiscal 2025, and establishes a new, lower, weight division within certain vehicle classes. Authorizes installment payments for registration fees throughout the registration period, as determined by the Motor Vehicle Administration.

- Establishes a $125 annual surcharge on electric vehicles (EVs) and a $100 annual surcharge on plug-in electric vehicles (PHEVs), effective July 1, 2024, and paid with other registration fees, with revenues deposited into TTF.
- Increases, from $500 to $800, the maximum processing charge car dealers may impose on top of the purchase price of a vehicle, effective July 1, 2024.
- Increases the tax rates and alters the distributions for the tobacco tax and the sales and use tax on electronic smoking devices (ESD), effective July 1, 2024.
- Requires the Comptroller to distribute, effective July 1, 2024, to TTF sales and use tax collected that is attributable to the sale of electricity (1) at an electric vehicle charging station or (2) used to charge an electric vehicle and is not sold under a residential or domestic rate schedule on file with the Public Service Commission.

Administrative and Other Actions

- Prohibits MSDE from increasing family copayments for the Child Care Scholarship Program above the levels in place on January 1, 2024.
- Delays the requirement that the Maryland Transit Administration (MTA) procure only zero-emission buses (ZEBs) to support its transit fleet from beginning in fiscal 2023 to fiscal 2027. Also authorizes MTA to procure additional alternative-fuel buses if sufficient ZEBs to meet the requirement are not commercially available.
- Authorizes the transfer of $90.0 million from the balance in the Strategic Energy Investment Fund to the Dedicated Purpose Account, by June 30, 2025, as specified; requires that at least 50% of funds transferred support programs serving low- to moderate-income communities, as specified; and authorizes the use of funds transferred to help implement the Climate Solutions Now Act of 2022 and Maryland’s Climate Pollution Reduction Plan.
- Alters, beginning in fiscal 2025, the calculation of State funding per full-time equivalent student for BCCC.
- Authorizes the Governor to expand, by June 30, 2024, the allowable use of a PAYGO miscellaneous capital grant appropriated in the fiscal 2024 operating budget for the Living Classrooms Foundation Opportunity Hub facility to include noncapital insurance expenses.
- Repeals and reestablishes the Maryland Commission on Transportation Revenue and Infrastructure Needs (TRAIN Commission), staffed by DLS, and establishes an Advisory Committee to the TRAIN Commission, staffed by the Maryland Department of Transportation (MDOT).
- Expands the allowable uses of the Maryland Police Training and Standards Commission Fund, in fiscal 2024 and 2025 only, to support police and correctional training activities.

- Delays due dates associated with specified evaluations of the Blueprint for Maryland's Future, along with State and local funding implications triggered by the Accountability and Implementation Board (AIB), by approximately two years.

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

Beginning with the 2023 session (fiscal 2024 budget bill), the General Assembly may amend the budget to increase appropriations made by the Governor as well as add items to appropriations for Executive Branch agencies if the total appropriation for the Executive Branch does not exceed the total proposed appropriation submitted by the Governor. Prior to the 2023 session, the legislature could only add or increase funding for the General Assembly and the Judiciary.

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

State Fiscal Effect: Estimates of the fiscal 2024 and 2025 impact of the bill on the State general fund, totaling $907.8 million, are shown in **Exhibit 1**. Of the decrease in general fund expenditures, $150.1 million is accounted for in the fiscal 2025 budget as passed by the General Assembly, of which $32.2 million is contingent on provisions in this bill.

A discussion of each provision in the bill is provided in **Appendix A** (beginning on page 10). The fiscal 2024 through 2029 State effects for each provision, including the general fund impacts, the effects on other fund types, and other related information, such as any effects on local governments, are included with the discussions. **Appendix B** (beginning on page 83) identifies the quantified fiscal impact of separate provisions by budgeted fund type.

This analysis assumes that increased TTF revenues from the bill's provisions, totaling $224.9 million in fiscal 2025, are largely directed toward MDOT's operating spending needs and, thus, do not have a material impact on increasing MDOT's bond capacity.

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

	FY 2024	FY 2025
Revenues		
Mandate Relief	$0.0	$10.0
Other Actions	469.4	274.9
Revenue Subtotal	***$469.4***	***$284.9***
Expenditures		
Mandate Relief	($20.0)	($113.6)
Other Actions	(4.5)	(15.4)
Expenditure Subtotal	***($24.5)***	***($129.0)***
General Fund Improvement	**$493.9**	**$413.9**

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

Source: Department of Legislative Services

Local Fiscal Effect: The impacts on local jurisdictions are included in the discussion of each provision in Appendix A. For example, direct State aid for community colleges is reduced in fiscal 2025 and future years due to altering the formula for annual growth, which can be seen on page 16. Local school systems realize altered State funding as a result of changes to the full-day prekindergarten enrollment count and per pupil funding, which can be seen on page 27, along with county government funding for public schools, which decreases statewide by $1.7 million in fiscal 2025. The fiscal 2025 effects of these provisions on local government finances are summarized in **Appendix C** (on page 88).

Other impacts include local revenues potentially decreasing beginning in fiscal 2025 from repealing the School Construction Revolving Loan Fund; local education agency revenues potentially increasing through consortium support for behavioral health services provided in schools in fiscal 2025; a potential reduction in financial assistance provided to forest conservancy district boards through the Mel Noland Woodland Incentives and Fellowship Fund; funding for local projects from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund potentially decreasing as a result of diverted funds; local governments benefiting from the availability of $1.5 million in more funding from the Senator William H. Amoss

Fire, Rescue, and Ambulance Fund; and local revenues increasing to the extent MDOT distributes TNC impact fee revenues to local jurisdictions in the form of capital transportation grants and/or locally operated transit system grants.

In addition, delaying from fiscal 2026 to fiscal 2028 the potential curtailment of State and local education aid, which occurs in the event of an AIB finding that Blueprint implementation and results are not as intended, potentially substantially increases county government expenditures in fiscal 2026 and 2027. Accordingly, local school system funding from the State and county governments may increase substantially in fiscal 2026 and 2027.

Small Business Effect: DLS advises that small businesses may be meaningfully affected by some provisions in the bill, such as repealing the small business relief tax credit (as acknowledged by the Administration in its statement of impact); reducing the compensation of lottery retailers (as also acknowledged by the Administration in its statement of impact); increasing the annual vehicle registration fee for most classes of vehicles; establishing annual surcharges on EVs and PHEVs; altering the full-day prekindergarten funding formula; and increasing the tax rates for the tobacco tax and the sales and use tax on ESD.

Small businesses with 14 or fewer employees that provide paid sick and safe leave to qualified employees may no longer receive up to $500 in tax credits per eligible employee.

Approximately 4,350 licensed lottery agents, approximately 70% of which are small businesses, receive less compensation due to reducing lottery agent sales commissions from 6.0% to 5.75% of gross lottery sales and reducing the prize ticket cashing commission from 3% to 2%. On average, a licensed lottery agent's sales compensation decreases by approximately $400 in fiscal 2024 and by approximately $4,800 annually beginning in fiscal 2025.

State and local funding for private prekindergarten providers, many of which are small businesses, is altered beginning in fiscal 2025. Thus, private prekindergarten providers are negatively impacted in fiscal 2025 and 2026 and are positively affected beginning in fiscal 2027.

Small cigarette, other tobacco product, and ESD businesses and small businesses that sell these products are negatively affected by the increased tobacco tax rates and the sales and use tax rate imposed on the sale of ESD. The actual impact depends on the extent to which the tax increases affect sales of these products and the extent to which the tax increases are passed on to customers.

Any small businesses that own and operate vehicle fleets may be significantly affected by the provisions of the bill, depending on the number of vehicles owned, and even more affected if those vehicles are EVs and PHEVs.

Additional Information

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

Designated Cross File: HB 352 (The Speaker)(By Request - Administration) - Appropriations.

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

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Note: Page numbers for locations of provisions in the bill within each discussion refer to the locations in the enrolled bill, not the chapter law.

Alter Mandate for the Consumer Protection Division

Provisions in the Bill: Repeal the requirement, for fiscal 2025, that the Governor provide at least $700,000 in general funds for specified costs and investigations in the Office of the Attorney General (OAG) Consumer Protection Division (CPD) and reduce the mandated amount to be at least $350,000 annually beginning in fiscal 2026. Authorize the use of special funds for this purpose in fiscal 2025 only – although no specific special fund is identified as the source for the fiscal 2025 funding. The fiscal 2025 budget as passed by the General Assembly includes a $700,000 general fund reduction, contingent on the enactment of legislation eliminating the mandate.

Agency: OAG

Type of Action: Mandate relief

Fiscal Impact:	($ in millions) **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($0.7)	($0.35)	($0.35)	($0.35)	($0.35)
SF Exp	$0	$0.7	$0.35	$0.35	$0.35	$0.35

State Effect: General fund expenditures for OAG decrease by $700,000 in fiscal 2025, reflecting elimination of the mandate for that year as well as the contingent reduction. Special fund expenditures likely increase correspondingly due to the authorization to fund these activities with special funds. While a specific source of special funds is not identified, the Consumer Protection Division Recoveries Fund has sufficient resources to cover the expense. General fund expenditures for OAG decrease by $350,000 annually beginning in fiscal 2026. Accordingly, this analysis assumes that special fund expenditures from the Consumer Protection Division Recoveries Fund increase correspondingly to maintain the same level of funding for the specified purposes in the out-years. Revenues are not affected.

Local Effect: None.

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

Location of Provisions in the Bill: Section 1 (pp. 7-9)

Analysis prepared by: Jacob L. Pollicove

Repeal School Construction Revolving Loan Fund Program and Transfer Fund Balance

Provisions in the Bill: Repeal the School Construction Revolving Loan Fund program (and associated mandated funding provisions). Authorize the Governor to transfer $40,000,000 from the fund balance of the School Construction Revolving Loan Fund to the Blueprint for Maryland's Future Fund (BMFF) by June 30, 2024.

Agencies: Interagency Commission on School Construction; Maryland State Department of Education

Type of Action: Mandate relief

Fiscal Impact:	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SF Rev	$40.0	$0	$0	$0	$0	$0
PAYGO GF Exp	($20.0)	($10.0)	($10.0)	$0	$0	$0
GF Exp	$0	$0	$0	($40.0)	$0	$0
SF Exp	$0	$0	$0	$40.0	$0	$0

State Effect: Special fund revenues to BMFF increase by $40.0 million in fiscal 2024 due to transferring the fund balance from the School Construction Revolving Loan Fund. Pay-as-you-go (PAYGO) general fund expenditures decrease by a combined $40.0 million from fiscal 2024 through 2026, due to the repeal of the School Construction Revolving Loan Fund program and, consequently, the mandated funding for it. The fiscal 2025 budget bill as passed by the General Assembly reduces the previously appropriated fiscal 2024 general funds for the program by $20.0 million and does not include fiscal 2025 funding for the program, reflecting the program's repeal. Special fund expenditures for BMFF increase by $40.0 million in fiscal 2027, and general fund expenditures correspondingly decrease due to the higher available balance to support Blueprint programs, which reduces the need for general fund expenditures.

Local Effect: Local governments no longer have access to this funding to cover their local share of school construction project costs. Although not yet used for this purpose, to the extent local governments had intended to use these funds, then local revenues may decrease as a result of the repeal.

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

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

Location of Provisions in the Bill: Section 4 (p. 88) and Section 21 (p. 98)

Analysis prepared by: Laura H. Hyde

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

Provisions in the Bill: Alter the calculation for the Senator John A. Cade Funding Formula for the distribution of funds to community colleges, beginning in fiscal 2025, to (1) reduce the statutory funding level from 29.0% to 27.2% of the State funding per full-time equivalent student (FTES) at the selected public four year institutions; (2) remove the hold harmless provision; (3) remove fixed costs as part of the calculation of the formula; and (4) alter the community college FTES count to be either the greater of the second preceding year or the average of three preceding years, beginning with the second preceding year. Alter the calculation of State funding per FTES from budget year State appropriations and budget year enrollment estimates to two-year prior actual expenditures for the general fund and Higher Education Investment Fund and two-year prior actual enrollment at the selected public four-year institutions. The fiscal 2025 budget as passed by the General Assembly includes a $12.7 million general fund reduction, contingent on the enactment of legislation altering the formula.

Agency: Maryland Higher Education Commission

Type of Action: Mandate relief

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($12.7)	($24.5)	($18.8)	($11.6)	($4.8)

State Effect: General fund expenditures for Cade formula funding decrease by $12.7 million in fiscal 2025 due to altering the formula. Out-year expenditures reflect changes in the estimated State funding per FTES and projected enrollment changes and the change to the State funding per FTES calculation. Revenues are not affected.

Local Effect: Direct State aid for local community colleges decreases by $12.7 million in fiscal 2025, $24.5 million in fiscal 2026, $18.8 million in fiscal 2027, $11.6 million in fiscal 2028, and $4.8 million in fiscal 2029. **Exhibit 1** shows the fiscal 2025 effect on each local community college.

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

	Current Law Distribution	BRFA Distribution	Change In Dollars	As a %
Allegany College of Maryland	$8,620,598	$8,174,206	($446,392)	-5.2%
Anne Arundel Community College	43,763,073	42,926,055	(837,018)	-1.9%
Community College of Baltimore County	71,703,077	68,948,700	(2,754,377)	-3.8%
Carroll Community College	12,751,854	11,928,011	(823,843)	-6.5%
Cecil College	8,127,775	7,242,087	(885,688)	-10.9%
College of Southern Maryland	21,416,280	20,629,234	(787,046)	-3.7%
Chesapeake College	9,867,824	9,004,793	(863,031)	-8.7%
Frederick Community College	20,280,008	20,743,431	463,423	2.3%
Garrett College	4,324,485	3,506,158	(818,327)	-18.9%
Hagerstown Community College	15,222,549	14,414,261	(808,288)	-5.3%
Harford Community College	18,477,775	18,046,557	(431,218)	-2.3%
Howard Community College	33,622,303	33,050,277	(572,026)	-1.7%
Montgomery College	71,092,972	69,889,139	(1,203,833)	-1.7%
Prince George's Community College	45,922,277	45,054,348	(867,929)	-1.9%
Wor-Wic Community College	12,278,064	11,201,923	(1,076,141)	-8.8%
Total	**$397,470,914**	**$384,759,180**	**($12,711,734)**	**-3.2%**

BRFA: Budget Reconciliation and Financing Act

Note: The contingent reduction of $12,739,610 in the budget bill reflects both the $12,711,734 change reflected above as well as a $27,876 reduction in a reciprocity grant.

Source: Department of Legislative Services

Program Description: The Cade funding formula makes up the majority of State funding for the 15 locally operated community colleges in the State. The total funds to be distributed through the formula are based on a percentage of the State's funding per FTES for selected public four-year institutions of higher education. The State's annual contribution to the Cade funding formula is determined by enrollment at community colleges and a percentage, set in statute, of the level of funding received by selected public four-year institutions. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per FTES at the selected four-year institutions. This per FTES amount is multiplied by total community college enrollment from the second prior year to arrive at the total formula amount for the colleges. Each college's share of the total is then based primarily on its proportion of formula funding from the prior year and enrollment. Under current law, the mandated percentage of per FTES funding for the Cade funding formula is 29.0%. **Exhibit 2** provides a comparison of calculation of the formula under current law to that under the bill. The revised funding formula included in this provision is more closely tied to enrollment changes. In addition to changes shown in Exhibit 2, the calculation of State funding per FTES is changed for all higher education funding formulas, including the Cade funding formula to reflect two-year prior actual expenditures and two-year prior actual enrollment.

Exhibit 2
Comparison of Current Law and BRFA Formula Changes

	Current Cade Formula	BRFA Formula
Hold Harmless Provision	Yes	No
Statutory Level of Funding	29.0%	27.2%
FTES for Community Colleges	2 years prior FTES	**Greater of**: 2 years prior FTES or average of 2 years prior, 3 years prior, and 4 years prior FTES
Fixed Component	38%	0%
Marginal Cost	60%	100%
Size Factor	2%	2%

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

Source: Department of Legislative Services

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

Location of Provisions in the Bill: Section 1 (pp. 19-27)

Analysis prepared by: Kelly K. Norton

Alter Joseph A. Sellinger Program Funding Formula

Provisions in the Bill: Alter the calculation for apportionment of funding to qualifying institutions under the Joseph A. Sellinger Program beginning in fiscal 2025 to be based on the full-time equivalent enrollment of undergraduate students only at the institutions. Increase the percentage of full-time equivalent students (FTES) in the calculation from 15.5% to 16.1% and the methodology for calculating the State funding per FTES at the selected public four-year institutions to be based on two-year prior actual expenditures for the general fund and Higher Education Investment Fund and two-year prior enrollment data. Clarify how graduate students are to be calculated.

Agency: Maryland Higher Education Commission

Type of Action: Mandate relief

Fiscal Impact:	($ in millions) **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($61.3)	($65.4)	($65.7)	($66.0)	($66.5)

State Effect: General fund expenditures for the Sellinger program decrease by $61.3 million in fiscal 2025 due to altering the count of eligible FTES to be based only on undergraduate students and adjusting the statutory percentage from 15.5% to 16.1%. Out-year expenditures reflect using two-year prior actual expenditures and two-year prior enrollment data to calculate State funding per FTES at the selected public four-year institutions, which includes anticipated changes in the State funding per FTES at the selected public four-year institutions and changes in estimated enrollment at the private colleges and universities. Revenues are not affected.

Local Effect: None.

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

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

Institution	Current Law Distribution	BRFA Distribution	Change In Dollars	Change As a %
The Johns Hopkins University	$72,880,791	$19,735,989	($53,144,802)	-72.9%
Loyola College	14,104,043	12,781,606	(1,322,437)	-9.4%
Stevenson University	9,489,502	8,847,919	(641,583)	-6.8%
McDaniel College	7,148,909	5,989,757	(1,159,152)	-16.2%
Maryland Institute College of Art	5,091,657	4,117,361	(974,296)	-19.1%
Mount St. Mary's College	5,928,938	5,553,917	(375,021)	-6.3%
Goucher College	3,512,339	3,086,371	(425,968)	-12.1%
Washington College	2,917,663	3,008,186	90,523	3.1%
Hood College	4,514,285	3,653,375	(860,910)	-19.1%
Notre Dame of Maryland University	3,327,440	1,869,268	(1,458,172)	-43.8%
Washington Adventist University	1,519,015	1,496,790	(22,225)	-1.5%
St. John's College	1,961,828	1,703,607	(258,221)	-13.2%
Capitol Technology University	1,508,657	749,959	(758,698)	-50.3%
Total	**$133,905,065**	**$72,594,106**	**($61,310,959)**	**-45.8%**

BRFA: Budget Reconciliation and Financing Act

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

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

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

Location of Provisions in the Bill: Section 1 (pp. 31-34)

Analysis prepared by: Sara J. Baker

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

Provision in the Bill: Authorizes the Governor to meet the requirement to provide $5.0 million for the Business Façade Improvement Program in either the operating or capital budget, rather than only the operating budget, beginning in fiscal 2025.

Agency: Department of Housing and Community Development (DHCD)

Type of Action: Mandate relief

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

State Effect: Pay-as-you-go (PAYGO) general fund expenditures in the operating budget decrease by $5.0 million in fiscal 2025 and in any year in which the Governor chooses to fund the program with general obligation (GO) bond funds in the capital budget. GO bond funding for the program increases correspondingly. The 2024 *Capital Improvement Program* also reflects $5.0 million in GO bonds annually for fiscal 2026 through 2029. Providing funding through GO bonds does not affect overall State expenditures but does reallocate funding from other capital projects. The fiscal 2025 budget as passed by the General Assembly does not include PAYGO funding for the program; however, the fiscal 2025 capital budget includes $5.0 million in GO bond funding for the program. Revenues are not affected.

Local Effect: None.

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

Location of Provision in the Bill: Section 1 (pp. 35- 36)

Analysis prepared by: Emily R. Haskel

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

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

Agency: Department of Natural Resources (DNR)

Type of Action: Mandate relief

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

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

Local Effect: None.

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

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

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

Location of Provision in the Bill: Section 1 (p. 36)

Analysis prepared by: Andrew D. Gray

Reduce Mandate for Mel Noland Woodland Incentives and Fellowship Fund

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

Agency: Department of Natural Resources (DNR)

Type of Action: Mandate relief

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

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

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

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

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

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

Location of Provision in the Bill: Section 1 (pp. 36-37)

Analysis prepared by: Andrew D. Gray

Specify Distribution to Local Income Tax Reserve Account Is for Repayment of Fiscal 2010 Transfer and Repeal Requirement for Fiscal 2024 and 2025 Distributions

Provisions in the Bill: Repeal the requirement for the annual $10.0 million distribution to the Local Income Tax Reserve Account in fiscal 2024 and 2025. Specify that, from fiscal 2026 through 2060, the annual $10.0 million distribution to the Local Income Tax Reserve Account is to repay $350.0 million transferred from the account to the Education Trust Fund as required in Chapter 484 of 2010. Accordingly, terminate that distribution to the Local Income Tax Reserve Account after fiscal 2060 when that repayment is complete.

Agency: None

Type of Action: Mandate relief; miscellaneous

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

State Effect: General fund revenues increase by $10.0 million in fiscal 2025 due to repealing the distribution in fiscal 2025, after which there is no effect over the next 35 years. Beginning in fiscal 2061 when the repayment is complete, general fund revenues increase by $10.0 million annually from no longer having the distribution continue in perpetuity. In addition, the State's unfunded liability for the $350.0 million borrowed in 2010 is eliminated due to statute specifying a payback plan. While the provision also eliminates the *requirement* for the $10.0 million distribution in fiscal 2024, this analysis reflects no effect that year as the fiscal 2024 distribution has already been made.

Local Effect: None.

Program Description/Recent History: The Comptroller's Office uses the Local Income Tax Reserve Account to manage the cash flow of personal income tax payments and distributions to local governments. The account is also used to meet the State's liability for local income taxes according to generally accepted accounting principles.

Chapter 484 of 2010 required the Comptroller to distribute $350.0 million from the Local Income Tax Reserve Account to the Education Trust Fund, which was one of several transfers made from the account in that and other years. Although Chapter 484 established a repayment plan for fiscal 2014 through 2020, Chapter 425 of 2013 repealed the repayment plan. Chapter 489 of 2015 established a repayment of $10.0 million from fiscal 2016 through 2025 for another $100.0 million transfer authorized in that Act. Chapter 10 of 2018 extended the $10.0 million annual repayment indefinitely and no longer tied the repayment to any particular transfer.

Location of Provisions in the Bill: Section 1 (p. 43)

Analysis prepared by: Tonya D. Zimmerman

Reduce Mandated Retirement Reinvestment Contribution and Repeal Requirement to Reduce Pension Contribution by Amount of Certain Administrative Fees

Provisions in the Bill: Reduce the amount of the supplemental contribution to the pension system that the Governor is required to make annually from $75.0 million to $50.0 million beginning in fiscal 2025. Repeal the requirement that the State reduce its budgeted pension contribution by the amount of administrative fees paid by the local boards of education and local community colleges. Likewise, repeal authorization for local employers and participating governmental units (PGUs) to deduct the amount of their administrative fees from their required employer contributions.

Agency: Statewide

Type of Actions: Mandate relief; miscellaneous

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0.0	($25.00)	($7.84)	($5.34)	($5.34)	($5.25)
GF Exp	$0.0	($21.61)	($6.77)	($4.61)	($4.61)	($4.52)
SF Exp	$0.0	($1.68)	($0.53)	($0.36)	($0.36)	($0.36)
FF Exp	$0.0	($0.91)	($0.29)	($0.20)	($0.20)	($0.20)
NBF Exp	$0.0	($0.79)	($0.25)	($0.17)	($0.17)	($0.17)

State Effect: State pension contributions decrease by $25.0 million in total funds until the reinvestment is no longer required when the system reaches 85% funded status. The fiscal 2025 savings are recognized through a reduction in the fiscal 2025 budget bill. Savings decrease beginning in fiscal 2027 due to the impact of changes in unfunded liabilities resulting from the lower supplemental payments. The decreases are also largely offset, beginning in fiscal 2026, when the effect of repealing the requirement to reduce pension funding by the amount of administrative fees paid by local boards of education and local community colleges is realized. Administrative fees are estimated at $17.1 million in each year.

Local Effect: No discernible effect on local pension liabilities or contribution rates.

Program Description/Recent History: Chapter 397 of 2011 required the Governor to reinvest a portion of the savings generated by pension benefit reform by making excess State contributions into the State Retirement and Pension System trust fund. The purpose of the reinvestment was to enhance the financial stability of the trust fund and restore it to full funding more quickly. Statute currently requires an annual supplemental contribution of $75.0 million.

Section 21-308(a)(3) of the State Personnel and Pensions Article requires a reduction in the State's share of the employer contribution paid on behalf of members of the Teachers' Combined System by the amount of administrative fees paid by the local boards of education and local community colleges. This provision is a remnant of the pension plan's prior structure of including administrative fees in employer contribution rates and was instituted to avoid double collecting administrative fees from the State (in the employer contribution) and from local boards of education and community colleges (by billing them directly). Since fiscal 2016, administrative fees have not been included in employer contributions. However, the statute continues to require that the annual required employer contribution to the system be reduced by the amount of the administrative fees paid by the local boards of education and local community colleges, resulting in underfunding the pension fund.

The State Retirement Agency advises that only 3 of approximately 120 PGUs take the authorized deduction from their employer contributions and that the deductions total about $550,000.

Location of Provision in the Bill: Section 1 (pp. 41-43)

Analysis prepared by: Jason A. Kramer, Michael Rubenstein, and Tonya D. Zimmerman

Delay Certain Funding and Alter Full-day Prekindergarten Enrollment Count and Per Pupil Funding

Provisions in the Bill: Under the full-day prekindergarten funding formula, (1) delay the initiation of funding of Tier II students from fiscal 2025 to fiscal 2026 and limit fiscal 2026 Tier II funding to families with incomes of more than 300%, but not more than 360%, of the federal poverty level (FPL) and (2) substantially increase the annual per pupil funding amount for each year beginning with fiscal 2027 so that annual per pupil funding is $19,950 in fiscal 2027 and 2028 and increases with inflation beginning in fiscal 2029. The fiscal 2025 budget includes a $7.2 million special fund reduction, contingent on the enactment of legislation delaying the phase-in schedule for including Tier II children in prekindergarten enrollment.

Agency: Maryland State Department of Education (MSDE)

Type of Actions: Mandate relief; miscellaneous

Fiscal Impact:	($ in millions) **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Exp	$0	($7.7)	($6.3)	$14.0	$0	$0
GF Exp	$0	$0	($0.0)	$77.2	$80.0	$66.0

State Effect: Special fund expenditures decrease by $7.7 million in fiscal 2025 and by $6.3 million in fiscal 2026 due to the delay and then truncation of Tier II funding in those years, impacting both the full-day prekindergarten program and education effort adjustment (EEA) expenditures. Expenditures increase by $91.4 million in fiscal 2027 due to the direct effect of the per pupil amount increase on full-day prekindergarten funding, $78.0 million, and the impact of this change upon EEA, $13.3 million, in that year. General fund guaranteed tax base (GTB) program expenditures decrease by $44,015 in fiscal 2026 and by $192,733 in fiscal 2027. Because Blueprint for Maryland's Future Fund (BMFF) revenues will be insufficient to cover BMFF expenditures in fiscal 2027, the net effect is BMFF expenditures increase by $14.0 million (reflecting the higher available BMFF balance from BMFF savings in fiscal 2025 and 2026 due to these provisions) and general fund expenditures increase by $77.2 million in fiscal 2027. BMFF revenues continue to be less than the current law required increases to annual expenditures under the Blueprint in fiscal 2028 and 2029; thus, expenditures for the full-day prekindergarten program, EEA, and GTB, totaling $80.0 million and $66.0 million in fiscal 2028 and 2029, respectively, are assumed to be entirely covered by general funds.

Local Effect: Local school systems realize altered State funding, as described above, and as shown in **Exhibit 1**. Also, county government funding for public schools statewide decreases by $1.7 million in fiscal 2025 and by $2.6 million in fiscal 2026; county government funding for local school systems increases by $21.6 million, $16.1 million, and $14.4 million in fiscal 2027 through 2029, respectively.

Exhibit 1
Change in State Aid by County
Fiscal 2025-2029

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Allegany	($215,545)	($141,470)	$1,225,815	$1,024,962	$901,534
Anne Arundel	(295,512)	(209,980)	5,912,208	5,282,483	4,616,507
Baltimore City	(1,034,436)	(815,024)	24,339,411	19,793,782	13,418,695
Baltimore County	(236,947)	(157,187)	1,543,687	1,338,262	1,214,922
Calvert	(8,055)	(10,999)	469,893	428,306	379,392
Caroline	(309,366)	(281,381)	1,900,104	1,886,031	1,539,524
Carroll	(29,358)	(30,218)	1,258,563	1,132,668	1,012,299
Cecil	(301,222)	(469,581)	2,352,483	2,079,327	1,877,229
Charles	(676,027)	(645,369)	3,527,916	3,133,376	2,726,776
Dorchester	(132,094)	(143,301)	1,633,331	1,456,018	1,292,556
Frederick	(776,816)	(613,406)	3,986,001	3,589,451	3,153,228
Garrett	(127,965)	(134,838)	417,364	332,925	288,261
Harford	(249,170)	(243,873)	2,186,575	1,932,583	1,673,658
Howard	(108,976)	(67,804)	1,650,373	1,534,249	1,356,413
Kent	(30,668)	(31,124)	330,609	309,075	299,294
Montgomery	4,625	1,893	4,704,279	4,213,789	3,684,635
Prince George's	(1,042,741)	(447,267)	20,304,179	17,950,425	15,988,142
Queen Anne's	(112,470)	(25,183)	385,381	348,488	304,260
St. Mary's	(36,249)	(72,482)	2,171,062	1,916,089	1,639,805
Somerset	(62,509)	(74,226)	1,405,480	1,281,281	1,081,437
Talbot	(68,696)	(66,115)	370,446	321,625	281,081
Washington	(1,455,776)	(1,267,419)	3,878,326	3,671,735	3,121,745
Wicomico	(298,649)	(277,108)	4,584,404	4,506,110	3,661,006
Worcester	(105,154)	(86,736)	622,951	527,306	458,756
Total	**($7,709,776)**	**($6,310,198)**	**$91,160,841**	**$79,990,346**	**$65,971,155**

Source: Department of Legislative Services

Program Description: The full-day prekindergarten funding formula provides State and local funding for voluntary full-day prekindergarten for (1) four- and three-year-olds from low-income families and homeless youths (Tier I students) and (2) beginning in the 2024-2025 school year (fiscal 2025), four-year-olds from families whose income is between 300% and 600% of FPL (Tier II students). There is no family share for Tier I students. For Tier II students, a sliding scale developed by MSDE determines the family share. For four-year-olds from families with income above 600% (Tier III), the family share covers the full cost of full-day prekindergarten. However, a local board may provide up to 100% of the family share on behalf of the family.

Local governments are required to fund the local share of several funding formula programs, including the full-day prekindergarten program. EEA establishes a maximum local share that a county must fund each year and provides equivalent additional State funding to hold local school systems harmless from the adjustment. GTB provides additional State education aid to counties that have less than 80% of the statewide average wealth per pupil and provide local education funding above the minimum local share required by the foundation program.

The funding formula for full-day prekindergarten is based in part on the per pupil amount. The per pupil amount is $13,003 for fiscal 2025 and gradually escalates to $19,526 by fiscal 2030, after which the amount is indexed with inflation. The provisions increase the per pupil amount from $15,598 to $19,950 in fiscal 2027 and 2028 and index the amount with inflation beginning in fiscal 2029.

Recent History: Chapter 119 of 2023 alters the definition of "Tier I child" to include, beginning in fiscal 2023, a child who is three or four years old who is a homeless youth and, in the 2023-2024 school year only, to include Tier II children (1) with a disability or (2) who are from a home in which English is not the primary spoken language.

Location of Provisions in the Bill: Section 1 (pp. 9-13)

Analysis prepared by: Scott P. Gates

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

Provision in the Bill: Expands, for fiscal 2025 only, the authorized uses of the Blueprint for Maryland's Future funding for the Maryland Consortium on Coordinated Community Supports within the Maryland Community Health Resources Commission (MCHRC) to include not only providing school-based behavioral health services but also reimbursing the Maryland Department of Health (MDH) Medical Care Programs Administration (MCPA) for school-based behavioral health services provided on a fee-for-service basis through a Medicaid waiver.

Agencies: MCHRC; MDH

Type of Action: Change use of special fund

State Effect: No effect on overall special fund revenues or expenditures; however, funds are reallocated among eligible activities in fiscal 2025. To the extent that special funds are spent in fiscal 2025 to reimburse MCPA for school-based behavioral health services covered by Medicaid, general fund savings are realized. MDH advises that Maryland will implement a State Plan Amendment to Medicaid that would allow for reimbursement for services delivered by school psychologists and social workers beginning in the first quarter of *calendar* 2025. MDH estimates $12.7 million of general fund expenditures would be necessary in fiscal 2025 absent this authorization, with growth in the out-years due to annualization and inflation. The fiscal 2025 budget as passed by the General Assembly specifies that no more than $12.0 million in consortium funding can be used to reimburse MCPA for this new allowable use. Supplemental Budget No. 2 to the fiscal 2025 budget added $14.7 million in federal funds to account for the federal fund match for Medicaid spending on school-based behavioral health services.

Local Effect: Local education agency revenues potentially increase through consortium support for, or Medicaid reimbursement of, behavioral health services provided in schools in fiscal 2025.

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

Recent History: Chapter 713 of 2022 increased mandated funding levels for the consortium to $85.0 million in fiscal 2024, $110.0 million in fiscal 2025, and $130.0 million in fiscal 2026 and annually thereafter. The fiscal 2025 budget as passed by the General Assembly reduces funding to the consortium to $40.0 million due to the delayed timing of the fiscal 2024 grant distribution.

Location of Provision in the Bill: Section 1 (pp. 16-18)

Analysis prepared by: Anne W. Braun

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

Provision in the Bill: Establishes that $2.5 million in special funds from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund must be used annually from fiscal 2024 through 2031 for tree plantings on public and private land to satisfy the funding mandate in Chapter 645 of 2021 (Tree Solutions Now Act), thereby eliminating a general fund appropriation to the trust fund for that purpose. The fiscal 2025 budget as passed by the General Assembly includes $2.5 million in general fund reductions for both fiscal 2024 and 2025 and a $2.5 million special fund appropriation for fiscal 2024, contingent on the enactment of legislation allowing the mandate to be satisfied in this manner.

Agency: Department of Natural Resources

Type of Action: Fund swap

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

State Effect: General fund expenditures decrease by $2.5 million annually from fiscal 2024 through 2031. Special fund expenditures increase correspondingly.

Local Effect: Funding for local projects from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund may decrease in future years as a result of funds being used to meet the Chapter 645 funding mandate. The Chesapeake and Atlantic Coastal Bays 2010 Trust Fund's fiscal 2024 appropriation is $60.6 million, of which $22.9 million, or approximately 38%, was allocated to the Competitive Grant Program for local projects.

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

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

Location of Provision in the Bill: Section 1 (p.37)

Analysis prepared by: Andrew D. Gray

Reduce Amount of Revenue Volatility Adjustment

Provision in the Bill: Alters, in fiscal 2024 and 2025, the maximum amount of projected nonwithholding income tax revenue that must, under certain circumstances, be subtracted from the projected general fund revenue estimate each year to $0.

Agency: State Reserve Fund

Type of Action: Revenue action

Fiscal Impact:	**FY 2024**	**FY 2025**	*($ in millions)* **FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$120.0	$140.0	$0	$0	$0	$0
SF Rev	($120.0)	($140.0)	$0	$0	$0	$0
SF Exp	$0	$0	($60.0)	($70.0)	$0	$0

State Effect: General fund revenues increase by $120.0 million in fiscal 2024 and $140.0 million in fiscal 2025 due to reducing the cap to $0 in each of those years. Special fund revenues for the Revenue Stabilization Account (Rainy Day Fund) and Fiscal Responsibility Fund each decrease by as much as $60.0 million in fiscal 2024 and $70.0 million in fiscal 2025, representing the amount that would have gone to each fund if the revenues exceeding the cap were realized. Special fund expenditures from the Fiscal Responsibility Fund decrease by the amount that would have been appropriated from the fund based on the amounts received in the second preceding year in fiscal 2026 and 2027 if the revenue exceeding the cap were realized.

Local Effect: None.

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

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

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

Location of Provision in the Bill: Section 1 (pp. 38-39)

Analysis prepared by: Jason A. Kramer and Tonya D. Zimmerman

Redirect Interest from Variety of Special Funds

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

Agency: Multiple

Type of Action: Revenue action

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$2.3	$27.0	$13.5	$13.5	$13.5	$0.0
SF Rev	($2.3)	($27.0)	($13.5)	($13.5)	($13.5)	$0.0

State Effect: General fund revenues increase by $2.25 million in fiscal 2024 due to the June 1, 2024 effective date, allowing for some crediting of interest to the general fund in fiscal 2024. General fund revenues increase by $27.0 million in fiscal 2025 to account for a full year and by $13.5 million annually from fiscal 2026 through 2028 after which the provision terminates. (The fiscal 2025 budget as passed by the General Assembly assumes $27.0 million in revenues.) The lower level of general fund revenue attainment in the out-years is due to lower expected interest earnings. Special fund revenues decrease correspondingly. To the extent that the special fund revenues are reduced, special fund expenditures may likewise be reduced; however, the amount and timing cannot be reliably estimated.

Local Effect: None.

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

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

Location of Provisions in the Bill: Section 1 (p. 39) and Section 8 (pp. 91-95)

Analysis prepared by: Tonya D. Zimmerman

Reduce Lottery Agent Sales and Cashing Commissions

Provisions in the Bill: Reduce lottery agent sales commissions from 6% to 5.75% of gross lottery sales and reduce the prize ticket cashing commission from 3% to 2%.

Agency: State Lottery and Gaming Control Agency

Type of Action: Revenue action

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$1.7	$20.7	$20.8	$20.9	$21.1	$21.3

State Effect: General fund revenues increase by $1.7 million in fiscal 2024, reflecting one month of revenues, and by $20.7 million in fiscal 2025 due to reduced lottery agent sales commissions and prize ticket cashing commissions. (The fiscal 2025 budget as passed by the General Assembly assumes $22.4 million in revenues.) Fiscal 2025 revenues reflect annualization and anticipated growth in lottery sales; out-years reflect continued anticipated growth. Expenditures are not affected.

Local Effect: None.

Program Description: In exchange for selling State lottery products, licensed agents earn a 6% commission of gross lottery sales. A licensed agent may receive a cashing fee of up to 3% of valid prizes paid for services rendered in cashing winning tickets.

Recent History: Chapter 661 of 2022 increased the lottery agent sales commission from 5.5% to 6% of gross lottery sales.

Location of Provisions in the Bill: Section 1 (p. 41)

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

Repeal Small Business Relief Tax Credit

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

Agency: Department of Commerce

Type of Action: Revenue action

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

State Effect: General fund revenues increase by up to $0.1 million annually beginning in fiscal 2025 due to the small business relief tax credit no longer being claimed against the income tax. This estimate assumes continued limited utilization of the tax credit; for example, only three small businesses have had claims certified since the inception of the program (although more claims have been submitted). (The fiscal 2025 budget as passed by the General Assembly assumes $1.3 million in revenues.) Expenditures are not affected.

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

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

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

Location of Provision in the Bill: Section 5 (p. 88)

Analysis prepared by: Heather N. MacDonagh

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

Provision in the Bill: Authorizes the Governor to transfer $60.0 million from the balance of the reserve account established by the State to pay for unemployment benefits for State employees to the general fund, so long as the transfer occurs by June 30, 2025.

Agency: Statewide

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$60.0	$0	$0	$0	$0

State Effect: General fund revenues increase by $60.0 million in fiscal 2025. Expenditures are not affected.

Local Effect: None.

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

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

Location of Provision in the Bill: Section 9 (p. 95)

Analysis prepared by: Jason A. Kramer and Tonya D. Zimmerman

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

Provision in the Bill: Authorizes the transfer of a total of $2,556,174 from the fund balances of three health professional licensing boards to the Behavioral Health Administration (BHA) within the Maryland Department of Health (MDH), so long as the fund balance transfers occur by June 30, 2025. More specifically, the authorized transfer comprises (1) $1,648,669 from the State Board of Professional Counselors and Therapists Fund; (2) $426,551 from the State Board of Occupational Therapy Practice Fund; and (3) $480,954 from the State Board of Examiners of Psychologists Fund. The fiscal 2025 budget as passed by the General Assembly includes a $2,556,174 general fund reduction, contingent on the enactment of legislation authorizing the transfer.

Agency: MDH

Type of Action: Fund swap

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($2.6)	$0	$0	$0	$0
SF Exp	$0	$2.6	$0	$0	$0	$0

State Effect: General fund expenditures for BHA community behavioral health services decrease by $2.6 million in fiscal 2025 only due to the available special funds. BHA special fund expenditures increase correspondingly in fiscal 2025. To the extent that the three boards would have used the available fund balance, special fund expenditures decrease correspondingly for the State Board of Professional Counselors and Therapists, the State Board of Occupational Therapy Practice, and the State Board of Examiners of Psychologists. However, the timing of any such expenditures cannot be reliably estimated. Overall, special fund revenues are not affected, merely reallocated within MDH.

Local Effect: None.

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

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

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

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

Location of Provisions in the Bill: Section 10 (p. 95)

Analysis prepared by: Naomi Komuro

Authorize Transfer of Funds from Health Information Exchange Fund to Medical Care Programs Administration for Information Technology in Fiscal 2025

Provision in the Bill: Authorizes the Governor to transfer $216,845 from the Health Information Exchange Fund to the Medical Care Programs Administration (MCPA) to support information technology activities, so long as the transfer occurs by June 30, 2025. The fiscal 2025 budget as passed by the General Assembly includes a general fund reduction of $216,845, contingent on the enactment of legislation authorizing the transfer of excess special fund balance from the Health Information Exchange Fund in fiscal 2025.

Agency: Maryland Department of Health

Type of Action: Fund swap

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

State Effect: General fund expenditures in MCPA decrease by $216,845 in fiscal 2025 due to the use of special funds from the Health Information Exchange Fund. Special fund expenditures in MCPA increase correspondingly. Revenues are not affected.

Local Effect: None.

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

Location of Provision in the Bill: Section 11 (p. 95)

Analysis prepared by: Anne W. Braun

Authorize Transfer to General Fund, as Specified, from Dedicated Purpose Account

Provision in the Bill: Authorizes the Governor to transfer to the general fund, on or before June 30, 2025, a total of $193,474,476 from the Dedicated Purpose Account. Specifically, these monies are authorized to be transferred from funds held in the Dedicated Purpose Account for (1) cybersecurity ($149,500,476); (2) capital pay-as-you-go (PAYGO) funds for renovations to 2100 Guilford Avenue and the adjacent parking structure ($28,884,000); (3) capital PAYGO funds for the Maryland Department of Emergency Management (MDEM) Headquarters Renovation and Expansion project ($9,090,000); and (4) capital PAYGO funds for Conowingo Dam dredging ($6,000,000).

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

Type of Action: Fund balance transfer

Fiscal Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
	($ in millions)					
GF Rev	$193.5		$0	$0	$0	$0

State Effect: General fund revenues increase by $193.5 million in fiscal 2024. Although authorized to occur in either fiscal 2024 or 2025, the budget plan assumes the transfer occurs in fiscal 2024. Special fund expenditures decrease by as much as $149.5 million between fiscal 2025 and 2028, reflecting expenditures that could have been made for cybersecurity. As the timing of the expenditures cannot be reliably estimated, any such reduction is not reflected above. Other projects are not proceeding and, therefore, there is no additional impact on special fund expenditures.

Local Effect: No direct impact.

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

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

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

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

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

Location of Provision in the Bill: Section 12 (pp. 95-96)

Analysis prepared by: Jason A. Kramer and Tonya D. Zimmerman

Authorize Transfer to General Fund from Critical Maintenance Funds Held in Dedicated Purpose Account

Provision in the Bill: Authorizes the Governor to transfer, on or before June 30, 2025, $14.0 million from the Dedicated Purpose Account to the general fund. Specifically, the transfer is from funds held from the fiscal 2023 appropriation to the Dedicated Purpose Account for the Facilities Renewal – State Agencies allocation to the Department of Natural Resources (DNR) for critical maintenance.

Agencies: State Reserve Fund; DNR

Type of Action: Fund balance transfer

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$14.0	$0	$0	$0	$0

State Effect: General fund revenues increase by $14.0 million in fiscal 2025 due to the transfer. Special fund expenditures decrease by as much as $14.0 million between fiscal 2025 and 2027, reflecting expenditures that DNR could have made absent the transfer. As the timing of the expenditures cannot be reliably estimated, any such reduction is not reflected above.

Local Effect: None.

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

Recent History: The fiscal 2023 budget included $100.0 million in general funds in the Dedicated Purpose Account for Facilities Renewal – State Agencies, with $25.0 million of that total intended for critical maintenance at DNR facilities.

Location of Provision in the Bill: Section 14 (p. 97)

Analysis prepared by: Andrew D. Gray

Expand Allowable Uses of Senior Prescription Drug Assistance Program Fund

Provisions in the Bill: Expand allowable uses of the Senior Prescription Drug Assistance Program (SPDAP) Fund within the Maryland Department of Health (MDH) to include the Kidney Disease Program and community mental health services to the uninsured, beginning in fiscal 2025 (rather than only in fiscal 2018). Also expand allowable uses of the SPDAP Fund, for fiscal 2025 only, to include depositing funds into health reimbursement accounts of certain State retirees transitioning to Medicare Part D. The fiscal 2025 budget as passed by the General Assembly includes an $8.6 million special fund appropriation, contingent on the enactment of legislation authorizing the expanded uses of the SPDAP Fund.

Agency: MDH

Type of Action: Change use of special fund

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	$3.6	$0	$0	$0	$0
GF Exp	$0	($5.0)	$0	$0	$0	$0
SF Exp	$0	$8.6	$0	$0	$0	$0

State Effect: General fund expenditures decrease by $5.0 million in fiscal 2025, as absent the authority to spend SPDAP funding for mental health services for the uninsured, additional general funds would be required. Special fund expenditures increase correspondingly in fiscal 2025, and, given the use of special funds in fiscal 2025, less special funding is available for expenditure in the out-years. The fiscal 2025 budget as passed by the General Assembly includes a special fund appropriation of $5.0 million within the Behavioral Health Administration, contingent on the enactment of legislation authorizing the use of SPDAP Fund balance to support behavioral health services for the uninsured. To the extent the Governor chooses to spend SPDAP funding on the Kidney Disease Program or mental health services for the uninsured beyond fiscal 2025, general fund expenditures decrease further.

Special fund revenues and expenditures for the State Employee and Retiree Health Insurance Account increase by $3.6 million in fiscal 2025 only to reflect the new authorized use of SPDAP funding for that year only. The fiscal 2025 budget as passed by the General Assembly includes a special fund addition of $3.6 million from the SPDAP Fund to the Department of Budget and Management for deposits into health reimbursement accounts for certain State retirees transitioning to Medicare Part D, contingent on the enactment of legislation authorizing the use of SPDAP funding for certain health reimbursement accounts.

Local Effect: None.

Program Description/Recent History: SPDAP provides Medicare Part D premium assistance to offset costs for moderate-income Maryland residents (with household incomes at or below 300% of federal poverty guidelines) who are eligible for Medicare and are enrolled in certain Medicare Part D Prescription Drug Plans. The program is supported with the SPDAP Fund, which is made up of payments from the CareFirst premium tax exemption. According to MDH, the fiscal 2023 SPDAP Fund closing balance was $11.1 million.

Chapter 397 of 2011 terminated prescription drug coverage for Medicare-eligible State retirees effective in fiscal 2020. Chapter 10 of 2018 made the termination effective January 1, 2019, with the expectation that Medicare-eligible State retirees could enroll in prescription drug coverage programs under Medicare Part D. Chapter 767 of 2019 established reimbursement programs that cover out-of-pocket costs for retirees enrolled in Part D coverage; however, implementation of the reimbursement programs was delayed pending the outcome of a lawsuit in federal court challenging the termination of prescription drug coverage for retirees. The lawsuit was resolved in favor of the State in July 2023, and the fiscal 2025 budget as passed by the General Assembly includes savings to reflect that the transition will occur in calendar 2025.

Location of Provisions in the Bill: Section 1 (p. 35)

Analysis prepared by: Anne W. Braun and Naomi Komuro

Authorize Transfer to General Fund from Unspent Funds for Health Care Provider Assistance Held in Dedicated Purpose Account

Provision in the Bill: Authorizes the Governor to transfer to the general fund, on or before June 30, 2025, a total of $7,580,873 in unspent funds from the Dedicated Purpose Account, originally appropriated in fiscal 2023. Specifically, the authorized transfers reflect funds originally appropriated for assistance to assisted living facilities ($7,340,250), nursing homes ($132,321), and hospitals ($108,302).

Agency: State Reserve Fund

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$7.6	$0	$0	$0	$0

State Effect: General fund revenues increase by $7.6 million in fiscal 2025. Special fund expenditures are unaffected as these funds were unneeded for the original purpose.

Local Effect: None.

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

Recent History: The fiscal 2023 legislative appropriation included funds in the Dedicated Purpose Account for a wide variety of legislative priorities, including $20.0 million for assisted living facilities, $20.0 million for nursing homes, and $50.0 million for hospital assistance. These funds were transferred by budget amendment to the Maryland Department of Health in fiscal 2023, but a portion of the funds ($7.3 million for assisted living facilities, $132,321 for nursing homes, and $108,302 for hospitals) were not spent and reverted to the Dedicated Purpose Account at closeout.

Location of Provision in the Bill: Section 15 (p. 97)

Analysis prepared by: Jason A. Kramer, Tonya D. Zimmerman, and Anne Braun

Authorize Transfer to General Fund from Unspent Funds for Learning in Extended Academic Programs Held in Dedicated Purpose Account

Provision in the Bill: Authorizes the Governor to transfer to the general fund, on or before June 30, 2025, $4.5 million in unspent funds from the Dedicated Purpose Account, which were originally appropriated in fiscal 2023 for Learning in Extended Academic Programs (LEAP) in the Maryland State Department of Education (MSDE).

Agency: State Reserve Fund

Type of Action: Fund balance transfer

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$4.5	$0	$0	$0	$0

State Effect: General fund revenues increase by $4.5 million in fiscal 2025. Special fund expenditures are unaffected as these funds were unneeded for the original purpose.

Local Effect: None.

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

Chapter 361 of 2018 established LEAP to provide grants to schools with high concentrations of students living in poverty for extended-day and extended-year academic programming, and the program included $4.5 million in mandated funding. Chapter 36 of 2021 repealed LEAP and replaced it with the Concentration of Poverty grant program.

Recent History: The fiscal 2023 legislative appropriation included funds in the Dedicated Purpose Account for a wide variety of legislative priorities, including $4.5 million for LEAP. As LEAP was repealed in fiscal 2021, no school applied for this grant in fiscal 2023; therefore, MSDE reverted the funds.

Location of Provision in the Bill: Section 16 (p. 97)

Analysis prepared by: Laura H. Hyde

Authorize Transfer of Program Open Space State Funds for Department of Natural Resources' Personnel Expenses

Provision in the Bill: Authorizes the Governor to transfer up to $6,678,827 of available special funds from the Program Open Space (POS) State land acquisition fund balance by June 30, 2025, to the Department of Natural Resources (DNR) to replace general funds budgeted for personnel expenses in DNR for the Maryland Forest Service (MFS) and the Maryland Park Service (MPS). The fiscal 2025 budget, as passed by the General Assembly, includes general fund reductions of $5,710,734 in MPS and $968,093 in MFS in DNR, contingent on the enactment of legislation authorizing the use of POS fund balance for these purposes.

Agency: DNR

Type of Action: Change use of special funds

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Exp	$0	($6.7)	$0	$0	$0	$0

State Effect: General fund expenditures are reduced by $6,678,827 in fiscal 2025 – $968,093 for MFS and $5,710,734 for MPS – due to the use of special funds in lieu of general funds for this purpose. Overall, special fund expenditures are not affected but are reallocated among purposes and among fiscal years. Revenues are not affected.

Local Effect: None. Total funding to local governments is not affected.

Program Description: The State transfer tax, which is 0.5% of the amount paid for the transfer of real property, is used to fund POS, along with several land conservation programs and State forest and park operations. DNR administers POS, which acquires and improves outdoor recreation and open space areas for public use. POS consists of a State and local component. Approximately 50% of the transfer tax funding distributed to POS is allocated to State land acquisition and capital development, 30% is allocated to local government acquisition and development, and 20% is allocated to State forest and park operations.

Anticipated lower amounts of transfer tax revenues in fiscal 2025 coupled with the impact of a revenue underattainment in fiscal 2023 significantly reduced the available revenues distributed through the POS formula. As a result, the transfer tax funding allocated to MFS and MPS decreased by $38.0 million between fiscal 2024 and 2025. As of February 2024, the POS State land acquisition account had a fund balance of $172.4 million, of which approximately $117.0 million was obligated to projects, leaving approximately

$55.4 million in unobligated funding. The use of $6.7 million from the POS State land acquisition balance results in an unobligated balance of approximately $48.7 million.

Recent History: The POS State land acquisition balance has been used a number of times to help defray State budget shortfalls or otherwise limit the need for the use of State general funds. Most recently, Chapter 39 of 2022 (Great Maryland Outdoors Act) authorized the Governor, on or before June 30, 2022, to transfer $43.1 million of the funds for POS State land acquisition in the transfer tax special fund to the Park System Capital Improvements and Acquisition Fund created by Chapter 39, which obviated the need for $43.1 million in State general funds for this purpose.

Location of Provision in the Bill: Section 17 (p. 97)

Analysis prepared by: Andrew D. Gray

Withdraw Unused Funding for Baltimore City Community College Bard Building Demolition

Provision in the Bill: Withdraws $2.0 million in pay-as-you-go (PAYGO) general funds from a fiscal 2022 capital appropriation of $7.4 million made to the Board of Public Works (BPW) for the purpose of the demolition of the Baltimore City Community College (BCCC) Bard Building.

Agencies: BPW; BCCC

Type of Action: Cost containment

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$2.0	0	$0	$0	$0	$0

State Effect: General fund revenues increase by $2.0 million in fiscal 2024 as a result of withdrawing funds for the demolition of the Bard Building.

Local Effect: None.

Program Description/Recent History: The fiscal 2022 budget appropriated $7.4 million in PAYGO general funds to BPW for the purpose of providing funding to BCCC to demolish the vacant Bard Building located in downtown Baltimore to allow for future redevelopment of the property. At its August 2, 2023 meeting, BPW approved a construction contract in the amount of $4.2 million procured by the Department of General Services (DGS) on behalf of BCCC for this purpose. Including architectural and engineering services, approximately $4.5 million has been authorized for the project to date. The Department of Legislative Services and DGS estimate that approximately $2.0 million of the original $7.4 million general fund authorization for this project could be recaptured by the general fund, and the remaining funding would be sufficient to complete the project. Demolition began in late calendar 2023 and is projected to be complete in July 2024.

Location of Provision in the Bill: Section 18 (p. 97)

Analysis prepared by: Samuel M. Quist

Authorize Transfer to General Fund from Local Income Tax Reserve Account in Fiscal 2024

Provision in the Bill: Authorizes the Governor to transfer, to the general fund by June 30, 2024, $150,000,000 from the Local Income Tax Reserve Account, representing funds identified in the Office of the Comptroller's fiscal 2023 analysis as an overdistribution to the account net of canceled repayments.

Agency: Statewide

Type of Action: Fund balance transfer

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$150.0	$0	$0	$0	$0	$0

State Effect: General fund revenues increase by $150.0 million in fiscal 2024 from the transfer. Expenditures are not affected.

Local Effect: None.

Program Description: The Local Income Tax Reserve Account is established in § 2-606 of the Tax-General Article and administered by the Comptroller of Maryland. The Local Income Tax Reserve Account is used to manage the cash flow of personal income tax payments and distributions to local governments. The account is also used to meet the State's liability for local income taxes according to generally accepted accounting principles.

Recent History: The Office of the Comptroller's fiscal 2023 Generally Accepted Accounting Principles audit of the Local Income Tax Reserve Account determined that, excluding canceled repayments, the account was overfunded by $315.7 million. The Board of Revenue Estimates' December 2023 forecast assumed the transfer of $150.0 million of that overfunding to the general fund. The General Assembly's action brings the total transfer to the general fund to $300.0 million.

Location of Provision in the Bill: Section 20 (p. 98)

Analysis prepared by: Tonya D. Zimmerman

Increase Annual Vehicle Registration Surcharge and Maximum Fines for Certain Offenses, Change Distribution of Those Revenues, and Make Other Changes Related to Trauma Care and Emergency Services

Provisions in the Bill: Increase the annual vehicle registration surcharge (from $17.00 to $40.00) and alter the distribution of revenue so that (1) $6.50 (rather than $2.50) goes to the Maryland Trauma Physician Services Fund (MTPSF); (2) at least $9.00 is allocated to the State primary adult resource center (PARC, known as the R Adams Cowley Shock Trauma Center); and (3) the balance (as much as $24.50 rather than $14.50) goes to the Maryland Emergency Medical System Operations Fund (MEMSOF). Increase the maximum fine that may be imposed for specified alcohol- and/or drug-related driving offenses and direct at least 20% of such fines collected to MTPSF; accordingly, expand the revenue sources for MTPSF to encompass those fines as well as any funds transferred from the general fund. Make additional changes related to trauma care and MTPSF so that it may be used to cover the documented costs of trauma health care practitioners, the maximum amount of reimbursable on-call hours that a Level II trauma center may receive is increased, the maximum reimbursement rates for on-call costs are altered, and annual grants of $900,000 to certain pediatric trauma centers are mandated. Establish a mandated appropriation of at least $16.5 million to the Senator William H. Amoss Fire, Rescue, and Ambulance Fund. All of these provisions take effect July 1, 2024.

Agencies: Maryland Department of Emergency Management (MDEM); Maryland Department of Health (MDH); Maryland Department of Transportation; Maryland Institute for Emergency Medical Services Systems (MIEMSS); University of Maryland Medical System; and Judiciary

Type of Actions: Revenue action; miscellaneous

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	$104.78	$104.78	$104.78	$104.78	$104.78
GF Exp	$0	$0.02	$0	$0	$0	$0
SF Exp	$0	$3.41	$4.91	$4.91	$4.91	$4.91

State Effect: As shown in **Exhibit 1,** special fund revenues increase by $104.8 million annually beginning in fiscal 2025 due to the higher annual vehicle registration surcharge (as much as $45.6 million to MEMSOF, at least $41.0 million to Shock Trauma, and $18.2 million to MTPSF). Special fund expenditures increase by $3.4 million in fiscal 2025 ($1.2 million more to certain pediatric trauma centers – $590,000 is already paid to one of them – and $2.2 million for higher credit card processing fees paid by the Motor Vehicle Administration (MVA) due to the higher surcharges collected) as well as an additional $1.5 million beginning in fiscal 2026 due to the mandated appropriation to the Amoss Fund

– representing the additional amount over the $15.0 million already expended for this purpose from MEMSOF. Special fund expenditures also likely increase by additional indeterminate amounts beginning as early as fiscal 2025 to support projected increases in operating expenses supported by MEMSOF, new grants to PARC, and additional expenditures from MTSPF.

Exhibit 1
Revenue Distribution of Increase in Annual Emergency Medical Services Surcharge Beginning in Fiscal 2025

	Share of Surcharge Increase	Annual Additional Funding
Total Increase	**$23.00**	**$104,781,905**
Maryland Trauma Physician Services Fund	4.00	18,222,940
R Adams Cowley Shock Trauma Center	9.00	41,001,615
Maryland Emergency Medical System Operations Fund	10.00	45,557,350

Note: The share for the R Adams Cowley Shock Trauma Center reflects the lowest allocation required (at least $9.00), whereas the share for the Maryland Emergency Medical System Operations Fund reflects the maximum allocation authorized – the balance after the Shock Trauma allocation.

Source: Maryland Department of Transportation; Department of Legislative Services

In addition, general fund revenues decrease and MTPSF revenues further increase due to redirection of a portion (at least 20%) of the higher maximum fines that may be imposed for certain offenses (an additional $200 for a first offense and an additional $400 for a second offense). Any such amount cannot be readily quantified and is not reflected above as it depends on whether the offense is a first or second offense and sentencing practices, as a term of imprisonment may be imposed instead of or in addition to the fine, which may be imposed at a lower level. However, *for illustrative purposes*, general fund revenues would decrease by at least $59,000 annually if all recent offenses were first offenses and the maximum fine were imposed for all of them (however, a greater amount would be foregone if less than the maximum fine were imposed). Under the same illustrative scenario, MTPSF revenues would increase by approximately $683,000 annually (which reflects fines imposed by the District Court and circuit courts, and by a lesser amount if less than the maximum fine were imposed). Finally, general fund expenditures increase by $18,543 in fiscal 2025 only for programming by the Judiciary to implement changes to the maximum fine amounts.

Local Effect: Local governments benefit from the availability of $1.5 million in more funding from the Amoss Fund. Distributions are made according to each county's percentage of total property tax accounts. Qualified municipalities in a county receive a percentage of the funds received by a county equal to one-half of the proportion that the municipality's expenditures bear to the county's expenditures. Based on current maintenance-of-effort requirements and other related funding provisions, the estimated increase for each jurisdiction from the higher level of funding varies from $197,452 to $10,860 beginning in fiscal 2025. In addition, a portion of revenues from fines imposed in circuit courts is redirected to MTPSF; as discussed above, this amount cannot be readily quantified. Nevertheless, under the same illustrative scenario, approximately $54,000 in local revenues would be foregone.

Program Description: MTPSF must transfer to MDH an amount sufficient to fully cover the State's share of expenditures for the costs of undercompensated care incurred by a trauma physician who is providing trauma care to a Medicaid enrollee who is a trauma patient on the State trauma registry. MTPSF consists of motor vehicle registration surcharges paid into the fund in accordance with the Transportation Article. The current annual surcharge is $17.00 for each vehicle registered, of which $2.50 must be paid into MTPSF. The remainder of the surcharge, $14.50, accrues to MEMSOF.

MEMSOF consists of (1) vehicle registration surcharges; (2) all funds, including charges for accident scene transports and interhospital transfers of patients, generated by specified units of State government; and (3) revenue distributed from a $7.50 moving violation surcharge under § 7-301(f) of the Courts and Judicial Proceedings Article. Money in the fund must be used solely for (1) medically oriented functions of Maryland State Police Aviation Command; (2) MIEMSS; (3) the R Adams Cowley Shock Trauma Center; (4) the Maryland Fire and Rescue Institute; (5) the provision of grants under the Senator Willam H. Amoss Fire, Rescue, and Ambulance Fund; and (6) the Volunteer Company Assistance Fund. The Amoss Fund provides grants, administered by MDEM, to local jurisdictions for the purchase of fire and rescue equipment and building rehabilitation.

Under the Transportation Article, a person may not drive or attempt to drive any vehicle while (1) under the influence of alcohol or under the influence of alcohol *per se*; (2) impaired by alcohol; (3) impaired by a drug, any combination of drugs, or any combination of drugs and alcohol; or (4) impaired by a controlled dangerous substance (CDS). Additionally, a person may not commit any of these offenses while transporting a minor. In addition to or in lieu of imposing a fine, a term of imprisonment may be imposed. Penalties collected from these cases heard in the District Court accrue to the general fund, while penalties from cases heard in the circuit courts accrue to the county.

The provisions affect certain alcohol- and/or drug-related driving offenses; all of the affected offenses carry a maximum term of imprisonment of one year and/or a maximum fine of $1,000 for a first offense and a maximum term of imprisonment of two years and/or a maximum fine of $2,000 for a second offense. The terms of imprisonment are unchanged under these provisions; however, the maximum fine for a first offense for the following violations is increased to $1,200, and the maximum fine for a second offense is increased to $2,400:

- driving or attempting to drive while under the influence of alcohol;
- driving or attempting to drive while under the influence of alcohol;
- driving or attempting to drive while impaired by alcohol, while transporting a minor;
- driving or attempting to drive while so far impaired by any drug, any combination of drugs, or a combination of one or more drugs and alcohol that the person cannot drive a vehicle safely, while transporting a minor; and
- driving or attempting to drive while impaired by any CDS if not entitled to use the CDS under the laws of Maryland.

Recent History: None.

Additional Comments: Senate Bill 1092 of 2024 and House Bill 1439 of 2024 contain provisions identical to those discussed above. However, this bill encompasses additional provisions related to fees paid at vehicle registration, including a requirement for MVA to allow vehicle owners to pay registration fees, as specified in Title 13, Subtitle 9 of the Transportation Article, in installments throughout the registration period (which for most vehicle owners is for two years, with both years of annual fees paid biennially), as determined by MVA. As the annual surcharges are established in the same subtitle as the other fees paid at registration, they may be construed as also being eligible for payment through an installment plan. Any such impact has not been accounted for in the analysis above; however, some portion of revenues payable in fiscal 2025 may not be realized in that year – thereafter, the impact should be less pronounced.

Location of Provisions in the Bill: Section 2 (pp. 48-58, pp. 80-82, and pp.84-87) and Section 24 (p. 98)

Analysis prepared by: Amberly E. Holcomb, Ralph W. Kettell, and Eric F. Pierce

Establish Transportation Network Company Impact Fee and Account

Provisions in the Bill: Establish, effective July 1, 2024, (1) a transportation network company (TNC) impact fee on passenger trips that originate in the State, at least a portion of such revenues are pledged to repayment of principal and interest on consolidated transportation bonds, and (2) a related TNC Impact Fee Account within the Transportation Trust Fund (TTF). Set the fee at 75 cents per passenger trip (50 cents per shared passenger trip or electric vehicle passenger trip) and index it to the Consumer Price Index for All Urban Consumers beginning in fiscal 2029. Require the Comptroller to administer the fee and, after administrative cost recovery, deposit the proceeds in the TNC Impact Fee Account. Require the Maryland Department of Transportation (MDOT) to allocate monies in the TNC Impact Fee Account for specified transit capital needs (related to consolidated transportation bonds) and local capital transportation grants, as appropriate, and allocate any remaining fund balance to the Locally Operated Transit System Grant Program.

Agencies: Comptroller; MDOT

Type of Action: Revenue action

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$1.3	$0.3	$0.3	$0.3	$0.3
SF Rev	$0	$37.4	$40.1	$41.9	$43.6	$46.5
GF Exp	$0	$1.3	$0.3	$0.3	$0.3	$0.3

State Effect: General fund revenues and expenditures for the Comptroller's Office increase by an estimated $1.3 million in fiscal 2025, reflecting administrative costs and related cost recovery. Future years reflect ongoing administrative costs. TTF revenues increase by an estimated $37.4 million in fiscal 2025; future years reflect projected fee revenue growth and, in fiscal 2029, the projected inflation adjustment. Although TTF expenditures increase, the amount and timing of those expenditures cannot be readily determined and is not reflected above.

Local Effect: Local revenues increase to the extent MDOT distributes fee revenues to local jurisdictions in the form of capital transportation grants and/or locally operated transit system grants. Local expenditures are not affected.

Program Description: No such statewide TNC fee exists under current law; however, Chapter 204 of 2015 established a regulatory framework for transportation network services and authorized local governments to assess transportation network services (*i.e.*, trips) that originate in their jurisdictions (generally up to 25 cents per trip) subject to specified requirements. A TNC must collect the assessments and remit the funds to the

Comptroller within 30 days after each quarter. After an allocation of up to 5% for administrative expenses, the Comptroller must then distribute the assessment revenue to the appropriate local jurisdictions.

Recent History: None.

Location of Provisions in the Bill: Section 2 (pp. 58-61; 63-64; 65-67) and Section 24 (p. 98)

Analysis prepared by: Elizabeth J. Allison

Phase In Increases in Annual Vehicle Registration Fee for Most Classes of Vehicles and Authorize Payments in Installments

Provisions in the Bill: Phase in increases in the annual vehicle registration fee for most classes of vehicles over two or three years, beginning in fiscal 2025, and establish a new, lower, weight division within certain vehicle classes. Authorize installment payments for registration fees throughout the registration period, as determined by the Motor Vehicle Administration (MVA). Retain revenue increases attributable to these provisions for allocation within the Maryland Department of Transportation (MDOT) and disallow crediting of them to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

Agency: MDOT (MVA)

Type of Action: Revenue action

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	$168.9	$201.0	$253.3	$253.3	$253.3
SF Exp	$0	$3.5	$4.2	$5.3	$5.3	$5.3

State Effect: Transportation Trust Fund (TTF) revenues from vehicle registration fees increase by $168.9 million in fiscal 2025, $201.0 million in fiscal 2026, and $253.3 million in fiscal 2027 and subsequent years. This estimate reflects the additional amount *payable* for registration each fiscal year; given the authorization for owners to opt to pay registration fees through installment plans, some portion of that revenue will be deferred to another year. It is also possible that some portion of existing fee revenue will be deferred as well. However, as those installment plans are yet to be determined by MVA, any such impact cannot be readily estimated at this time. Nevertheless, the impact of such installment plans is likely to be most pronounced in the first few years of implementation, with more level collections in the out-years. Essentially, any delays in the payment of the higher annual vehicle registration fees due to installment plans are likely mitigated in the out-years as installment payments must be completed prior to the next registration renewal. TTF expenditures increase for additional credit card processing fees charged, commensurate with the increase in registration fee revenues paid by vehicle owners who use credit cards for their transactions. This estimate assumes that approximately 70% of transactions are subject to a credit card processing fee and the average fee paid is 3%.

Local Effect: None, as transportation revenues raised as a result of these provisions must remain allocated within MDOT and may not be credited to GMVRA.

Program Description/Recent History: Vehicle registration fees support TTF and GMVRA (an account within TTF that provides transportation aid to local governments).

Registration fee revenues also support MDOT's bonding capacity. Fees vary by class and, for certain classes, depend on the shipping weight of the vehicle. Most classes of vehicle are registered biennially (with two years of annual fees due at registration); however, some less common classes are registered on an annual basis. Vehicle registration fees were last increased by Chapter 9 of 2004. **Exhibit 1** shows the current annual registration fee for each affected class and the fee as increased under the bill's provisions.

Exhibit 1
Annual Vehicle Registration Fee by Affected Class and Year of Renewal
Fiscal 2025-2029

Class of Vehicle	Current	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
A (passenger) / M (multipurpose)						
≤ 3,500 lbs.	$50.50	$70.50	$80.50	$80.50	$80.50	$80.50
> 3,500 lbs. to ≤ 3,700 lbs.	50.50	80.50	85.50	85.50	85.50	85.50
> 3,700 lbs.	76.50	121.50	126.50	151.50	151.50	151.50
B (for hire)	150.00	170.00	180.00	180.00	180.00	180.00
C (funeral and ambulance)	100.00	120.00	130.00	130.00	130.00	130.00
D (motorcycle)	35.00	55.00	65.00	65.00	65.00	65.00
E (truck)						
≤ 3,500 lbs.	63.75	83.75	93.75	93.75	93.75	93.75
> 3,500 lbs. to ≤ 5,000 lbs.	63.75	93.75	98.75	98.75	98.75	98.75
> 5,000 lbs.*	63.75	108.75	113.75	138.75	138.75	138.75
EPD (dump truck)	Variable	+ $20.00	+ $30.00	+ $30.00	+ $30.00	+ $30.00
T (tow truck)	Variable	+ $20.00	+ $30.00	+ $30.00	+ $30.00	+ $30.00
F (tractor)	Variable	+ $20.00	+ $30.00	+ $30.00	+ $30.00	+ $30.00
G (trailer)	Variable	+ $20.00	+ $30.00	+ $30.00	+ $30.00	+ $30.00
H (school)	Variable	+ $20.00	+ $30.00	+ $30.00	+ $30.00	+ $30.00
P (passenger bus)	Variable	+ $20.00	+ $30.00	+ $30.00	+ $30.00	+ $30.00
J (vanpool)	76.50	96.50	106.50	106.50	106.50	106.50
L (historic)	25.50	45.50	55.50	55.50	55.50	55.50
N (street rod)	25.00	45.00	55.00	55.00	55.00	55.00
Q (limousine)	185.00	205.00	215.00	215.00	215.00	215.00

* Lower-weight vehicles within this range currently pay a fixed registration fee, while higher-weight vehicles pay a variable registration fee based on weight increments. This estimate reflects a standard increase for all vehicles within the specified range – including those that currently pay registration fees based on a flat amount per thousand pounds.

Notes: Class A (passenger), E (truck), and M (multipurpose) weight classifications are based on shipping weight. A vehicle for which the owner certifies on the registration application that the vehicle will be used for construction activities pays the same fee as a Class E (truck) that is 3,500 pounds or less.

Source: Department of Legislative Services

As under current law, heavier vehicles within certain classes pay a higher annual registration fee and weight is added as a factor for certain trucks. The registration fee increases are phased in over a two-year period for most vehicles and a three-year period for the heaviest vehicles – all beginning in fiscal 2025. The exact amount of the annual registration fee depends on the vehicle class and weight and, for some classes of vehicles, other factors. Regardless, in fiscal 2025, the annual registration fee increases by between $20 and $45 for the affected classes of vehicles. By fiscal 2027, when the phase-in is complete, the annual registration fee increases are between $30 and $75 (compared to registration fees under current law).

Exhibit 2 shows the additional revenues anticipated by vehicle class from fiscal 2025 through 2029.

Exhibit 2
Increase in Vehicle Registration Fee Revenues Attributable to Class of Vehicle
Fiscal 2025-2029
($ in Millions)

Class of Vehicle	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
A (passenger) / M (multipurpose)					
≤ 3,500 lbs.	$14.9	$22.3	$22.3	$22.3	$22.3
> 3,500 lbs. to ≤ 3,700 lbs.	44.3	51.6	51.6	51.6	51.6
> 3,700 lbs.	68.6	76.2	114.3	114.3	114.3
Subtotal	***$127.7***	***$150.2***	***$188.3***	***$188.3***	***$188.3***
E (truck)					
≤ 3,500 lbs.	$1.1	$1.7	$1.7	$1.7	$1.7
> 3,500 lbs. to ≤ 5,000 lbs.	3.1	3.6	3.6	3.6	3.6
> 5,000 lbs.*	25.6	28.5	42.7	42.7	42.7
Subtotal	***$29.8***	***$33.7***	***$48.0***	***$48.0***	***$48.0***
All Other Affected Classes	$11.4	$17.1	$17.1	$17.1	$17.1
Total	**$168.9**	**$201.0**	**$253.3**	**$253.3**	**$253.3**

* Lower-weight vehicles within this range currently pay a fixed registration fee, while higher-weight vehicles pay a variable registration fee based on weight increments. This estimate reflects a standard increase for all vehicles within the specified range (including those that currently pay registration fees based on a flat amount per thousand pounds).

Notes: Class A (passenger), E (truck), and M (multipurpose) weight classifications are based on shipping weight. The estimate reflects static registrations and assumes one-half of vehicles in categories subject to biennial renewal do so each year. Numbers may not sum to total due to rounding.

Source: Maryland Department of Transportation; Department of Legislative Services

Location of Provisions in the Bill: Section 2 (pp. 69-80) and Sections 22 and 24 (p. 98)

Analysis prepared by: Eric F. Pierce

Establish Annual Surcharges on Electric Vehicles and Plug-in Electric Vehicles

Provisions in the Bill: Establish a $125 annual surcharge on electric vehicles (EVs) and a $100 annual surcharge on plug-in electric vehicles (PHEVs), effective July 1, 2024, both of which are deposited into the Transportation Trust Fund (TTF). Specify that, as determined by the Motor Vehicle Administration (MVA), the surcharges (1) may be paid in installments throughout the registration period and (2) are adjusted for inflation annually beginning in fiscal 2026. Require that, if a motor vehicle owner assessed the surcharge fails to pay it, MVA refuse to register, renew, or transfer the vehicle's registration. Establish that surcharge revenues remain allocated within the Maryland Department of Transportation (MDOT) and may not be credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

Agency: MDOT (MVA)

Type of Action: Revenue action

Fiscal Impact:			*($ in millions)*			
	FY 2024	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	$10.7	$10.7	$10.7	$10.7	$10.7
SF Exp	$0	$0.2	$0.2	$0.2	$0.2	$0.2

State Effect: TTF revenues increase by approximately $10.7 million annually beginning in fiscal 2025 from surcharges on EVs and PHEVs, based on current registrations for these types of vehicles. Although there may be growth in the number of vehicles subject to the surcharge in the out-years, this estimate does not reflect that growth, nor does it reflect any inflation adjustments. Accordingly, revenues may increase by greater amounts than reflected above, with a more pronounced effect in the out-years. This estimate also reflects the additional amount *payable* for EVs and PHEVs each fiscal year; given the authorization for owners to opt to pay the surcharge through installment plans, some portion of that revenue will be deferred to another year. However, as those installment plans are yet to be determined by MVA, any such impact cannot be readily estimated at this time. Nevertheless, the impact of such installment plans is likely to be most pronounced in the first few years of implementation, with more level collections in the out-years. Essentially, any delays in the payment of the surcharge due to installment plans are likely mitigated in the out-years as installment payments must be completed prior to the next registration renewal. TTF expenditures increase by $0.2 million annually for additional credit card processing fees charged, commensurate with the increase in surcharge fee revenues paid by vehicle owners who use credit cards for their transactions. This estimate assumes that approximately 70% of transactions are subject to a credit card processing fee and the average fee paid is 3%.

Local Effect: None, as transportation revenues raised as a result of these provisions remain allocated within MDOT and may not be credited to GMVRA.

Program Description: EVs and PHEVs currently pay the registration fee that is applicable to the vehicle's classification and, for certain classes, the vehicle's shipping weight. Vehicle registration fees support TTF and GMVRA (an account within TTF that provides transportation aid to local governments). Registration fee revenues also support MDOT's bonding capacity. Most classes of vehicles are registered biennially (with two years of annual fees due at registration); however, some less common classes are registered on an annual basis.

Location of Provisions in the Bill: Section 2 (pp. 82-83) and Sections 22 and 24 (p. 98)

Analysis prepared by: Eric F. Pierce

Increase Maximum Car Dealer Processing Charge

Provisions in the Bill: Increase, from $500 to $800, the maximum processing charge car dealers may impose on top of the purchase price of a vehicle, effective July 1, 2024. Revenue increases attributable to this provision must remain allocated within the Maryland Department of Transportation (MDOT) and may not be credited to the Gasoline and Motor Vehicle Revenue Account (GMVRA).

Agency: MDOT (Motor Vehicle Administration (MVA))

Type of Action: Revenue action

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Rev	$0	$7.0	$7.0	$7.0	$7.0	$7.0

State Effect: Transportation Trust Fund (TTF) revenues increase by $7.0 million annually beginning in fiscal 2025 due to the increased maximum dealer processing charge. The dealer processing charge is added to the price of the vehicle for purposes of calculating the excise tax; assuming a dealer imposes the maximum authorized charge, the consumer pays an additional $318, of which $300 is retained by the dealer and $18 is remitted to TTF.

Local Effect: None, as transportation revenues raised as a result of this provision must remain allocated within MDOT and may not be credited to GMVRA.

Program Description/Recent History: For collecting and remitting the vehicle excise tax on behalf of MVA, a car dealer used to be able to keep the lesser of $12 per vehicle or 0.6% of the gross excise tax the dealer collects. However, that authorization was repealed in 2020 when the fee amount that a car dealer may, when selling a vehicle, impose as a dealer processing charge was increased from a maximum of $300 to a maximum of $500. The dealer processing charge is imposed at the discretion of the dealer and is intended to cover costs of specified administrative services concerning the sale of the vehicle, including the preparation of written documentation of the transaction, obtaining the title and license plates for the vehicle, obtaining a release of lien, filing title documents with MVA, retaining documentation and records of the transaction, complying with federal or State privacy laws, or other administrative services concerning the sale of the vehicle. If charged, it must be reasonable and reflect the dealer expenses generally incurred, as listed above. When requested by the vehicle purchaser, a dealer must provide a written disclosure of the services included in the dealer processing charge.

Location of Provisions in the Bill: Section 2 (pp. 83-84) and Sections 22 and 24 (p. 98)

Analysis prepared by: Eric F. Pierce

Increase Tax Rates and Alter Distributions for Tobacco Tax and Sales and Use Tax on Electronic Smoking Devices

Provisions in the Bill: Make various alterations to the tobacco tax – specifically, (1) increase the tobacco tax rate for cigarettes from $3.75 to $5.00 per package of 20 cigarettes and from 17.5 cents to 25.0 cents for each cigarette in a package of more than 20 cigarettes; (2) increase the tobacco tax rate for other tobacco products (OTP), other than cigars and pipe tobacco, from 53% to 60% of the wholesale price; (3) impose a related one-time floor tax on cigarettes and OTP held for sale or use in the State on July 1, 2024, to be remitted to the Comptroller by September 30, 2024; and (4) after an allowance for refunds and administrative costs, require the Comptroller to distribute to the Blueprint for Maryland's Future Fund (BMFF) the following amount or percentage of remaining tobacco tax revenue:

- for fiscal 2025, $88.3 million;
- for fiscal 2026, 32.6%;
- for fiscal 2027, 33.2%; and
- for fiscal 2028 and beyond, 16.2%.

Increase the sales and use tax rate imposed on electronic smoking devices (ESD), other than vaping liquid sold in a container that contains up to 5 milliliters of vaping liquid, from 12% to 20% of the taxable price; also require the Comptroller to distribute the revenue attributable to the increased tax imposed on ESD to BMFF.

With the exception of the provisions relating to the one-time floor tax on cigarettes and OTP – which take effect June 1, 2024, and apply to products held for sale or use in the State on July 1, 2024, the provisions take effect July 1, 2024.

Agencies: Comptroller; Maryland State Department of Education

Type of Action: Revenue action

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	$0.5	($75.9)	($76.1)	$0.2	$0.1
SF Rev	$0	$91.4	$154.5	$152.2	$73.6	$71.3
GF Exp	$0	$0	$0	($398.1)	($73.6)	($71.3)
SF Exp	$0	$0	$0	$398.1	$73.6	$71.3

State Effect: As detailed in **Exhibit 1**, net State revenues increase by an estimated $91.9 million fiscal 2025, $78.5 million in fiscal 2026, and decreasing amounts annually thereafter, reflecting ongoing tobacco tax and sales and use tax revenues and projected declines in cigarette consumption. In fiscal 2026 and 2027, general fund revenues decrease by an estimated $75.9 million and $76.1 million, respectively, due to the diversion of existing tobacco tax revenues to BMFF.

General fund expenditures decrease by $398.1 million in fiscal 2027 due to the higher available BMFF balance to support Blueprint programs, which reduces the need for general fund expenditures. After fiscal 2027, general fund expenditures correspondingly decrease with the increase in BMFF special fund revenues. Special fund expenditures are assumed to increase correspondingly beginning in fiscal 2027 with the availability of additional fund balance.

Exhibit 1
Projected State Revenue Effects
Fiscal 2025-2029
($ in Millions)

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
By Provision					
Increase Cigarette Tax Rate[1]	$86.0	$73.2	$70.7	$68.3	$65.9
Increase OTP Tax Rate[1]	2.8	2.2	2.3	2.3	2.4
Increase ESD SUT Rate	3.1	3.1	3.1	3.2	3.2
By Fund[2]					
General Fund	$0.5	($75.9)	($76.1)	$0.2	$0.1
BMFF	91.4	154.5	152.2	73.6	71.3
Net State Revenue Effect	**$91.9**	**$78.5**	**$76.1**	**$73.8**	**$71.5**

BMFF: Blueprint for Maryland's Future Fund
ESD: electronic smoking devices
OTP: other tobacco products
SUT: sales and use tax

[1] Includes estimated effect of one-time floor tax in fiscal 2025.
[2] Reflects the effect of specified mandated distributions to BMFF.

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

Source: Department of Legislative Services

Local Effect: None.

Program Description/Recent History: Chapter 37 of 2021 (1) increased the tobacco tax rate for cigarettes from $2.00 to $3.75 per pack (17.5 cents for each cigarette in a package of more than 20 cigarettes); (2) increased the tobacco tax rate for OTP other than cigars and pipe tobacco from 30% to 53% of the wholesale price; (2) imposed a one-time floor tax on cigarettes and OTP in fiscal 2021; and (3) increased the sales and use tax rate imposed on the sale of ESD to 12% of the taxable price (60% for vaping liquid sold in a container that contains up to 5 milliliters of vaping liquid).

Location of Provisions in the Bill: Section 2 (p. 62-65) and Sections 23 and 24 (p. 98)

Analysis prepared by: Elizabeth J. Allison

Divert Sales and Use Tax on Electricity for Charging Vehicles to Transportation Trust Fund

Provision in the Bill: Requires the Comptroller to distribute to the Transportation Trust Fund (TTF) sales and use tax collected that is attributable to the sale of electricity (1) at an electric vehicle charging station or (2) used to charge an electric vehicle and is not sold under a residential or domestic rate schedule on file with the Public Service Commission. The provision takes effect July 1, 2024.

Agencies: Comptroller; Maryland Department of Transportation; Maryland State Department of Education

Type of Action: Revenue action

Fiscal			*($ in millions)*			
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
GF Rev	$0	($0.8)	($1.0)	($1.3)	($1.6)	($2.0)
SF Rev	$0	$0.8	$1.0	$1.3	$1.6	$2.0
GF Exp	$0	$0.3	$0	$0	$0	$0

State Effect: TTF revenues increase by an estimated $0.9 million in fiscal 2025; general fund revenues and Blueprint for Maryland's Future Fund (BMFF) revenues decrease by $0.8 million and $0.1 million, respectively. (Special fund revenues shown above reflect net of TTF and BMFF revenue effects.) Future years reflect projected growth in affected sales and use tax revenues. General fund expenditures for the Comptroller's Office increase by approximately $250,000 in fiscal 2025 only for one-time programming costs.

Local Effect: None.

Program Description/Recent History: According to the Comptroller's *List of Tangible Personal Property and Services Subject to Sales and Use Tax*, the sale of electricity at a charging station to charge a vehicle is subject to the sales and use tax. The purchase of electricity by the provider of the charging equipment for resale is not subject to sales and use tax; however, the purchase of electricity is subject to tax by the provider of a free charging station. Electricity purchased to charge a vehicle at home is not subject to sales and use tax if purchased at a residential rate.

After an allowance for refunds and administrative costs, sales and use tax revenues are generally distributed to the general fund. Revenues from the sales tax on short-term rental vehicles and peer-to-peer car sharing are distributed to the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund (55%) and to TTF (45%). Pursuant to Chapter 33 of 2022, after other required distributions, the Comptroller must pay to BMFF the following percentage of remaining sales and use tax revenues:

- 11.0% for fiscal 2024;
- 11.3% for fiscal 2025;
- 11.7% for fiscal 2026; and
- 12.1% for fiscal 2027 and each subsequent fiscal year.

Location of Provisions in the Bill: Section 2 (p. 61-62) and Section 24 (p. 98)

Analysis prepared by: Elizabeth J. Allison

Prohibit Increasing Child Care Scholarship Program Copayments

Provision in the Bill: Prohibits the Maryland State Department of Education (MSDE) from increasing family copayments for the Child Care Scholarship (CCS) Program above the levels in place on January 1, 2024.

Agency: MSDE

Type of Action: Miscellaneous

State Effect: The bill's impact in any given fiscal year is indeterminate but potentially significant due to limiting MSDE's ability to respond to changing fiscal circumstances in future years. MSDE cannot implement such a CCS Program modification as part of a plan to reduce program costs, thereby restricting the State's flexibility to adapt to fiscal circumstances. Nevertheless, MSDE can still use other measures, subject to specified notification and approval. Revenues are not affected.

Local Effect: None.

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

Recent History: Chapters 731 and 732 of 2023 prohibited MSDE from making certain alterations to the CCS Program as of January 1, 2023, including increasing copayments, reducing reimbursement rates, reducing income eligibility requirements, or implementing a freeze in program enrollment without first making certain notifications (subject to a waiting period) or obtaining Board of Public Works approval as part of a budget reduction action for a particular year. Chapters 525 and 526 of 2022 waived copayments for families receiving benefits under certain programs (Temporary Cash Assistance, Supplemental Security Income, federal Housing Choice Voucher Program, Supplemental Nutrition Assistance Program, or Special Supplemental Food Program for Women, Infants, and Children). As of January 1, 2024, copayments for all other families are set within a range of $1 to $3 per week.

Location of Provision in the Bill: Section 1 (pp. 18-19)

Analysis prepared by: Nathaly Andrade

Delay Requirement for Maryland Transit Administration to Purchase Only Zero-emission Buses and Authorize Alternative Purchases

Provisions in the Bill: Require that the Maryland Transit Administration (MTA) procure only zero-emission buses (ZEBs) to support its transit fleet beginning in fiscal 2027 rather than beginning in fiscal 2023. Also authorize MTA to procure additional alternative-fuel buses, including hybrid buses, if sufficient ZEBs or associated equipment to meet the requirement are not commercially available.

Agency: Maryland Department of Transportation (MTA)

Type of Action: Miscellaneous

Fiscal	*($ in millions)*					
Impact:	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Exp	$0	($28.0)	($28.0)	$0	$0	$0

State Effect: Transportation Trust Fund (TTF) expenditures decrease by an anticipated $28.0 million in fiscal 2025 and 2026 due to deferring procuring ZEBs to fiscal 2027 and the lower costs associated with procuring alternative-fuel buses. This analysis assumes MTA procures no ZEBs in fiscal 2025 and 2026. However, given MTA's ongoing pilot project for ZEB infrastructure and charging stations, a small portion of bus procurements in those years will likely be zero emission, slightly reducing the special fund savings. TTF expenditures in subsequent years are not affected as the requirement that all bus procurements be zero emission is maintained in fiscal 2027 onward. Revenues are not affected.

Local Effect: None.

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

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

Location of Provisions in the Bill: Section 1 (p. 44)

Analysis prepared by: Carrie Cook

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

Provisions in the Bill: Authorize the transfer of $90.0 million from the balance in the Strategic Energy Investment Fund (SEIF) to the Dedicated Purpose Account, so long as the transfer occurs by June 30, 2025. Prohibit the transfer from including funds from the Energy Assistance Account and specify the distribution of the transfer from various accounts under SEIF: (1) $43.1 million from the Renewable Portfolio Standard alternative compliance payment (ACP); (2) $40.0 million from the Administration Account; (3) $2.3 million from the Low and Moderate Income Energy Efficiency Account; (4) $2.3 million from the Energy Efficiency in All Sectors Account; and (5) $2.3 million from the Renewable Energy and Climate Change Account. Authorize funds transferred to be used to help implement the Climate Solutions Now Act of 2022 and Maryland's Climate Pollution Reduction Plan but require at least 50% of funds transferred to support programs serving low- to moderate-income communities, as specified. The fiscal 2025 budget bill as passed by the General Assembly includes a $90.0 million special fund appropriation, contingent on the enactment of a provision authorizing this transfer.

Agencies: State Reserve Fund; Maryland Energy Administration

Type of Action: Miscellaneous

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

State Effect: Special fund revenues increase for the Dedicated Purpose Account in fiscal 2025 only to reflect the authorized transfer. Overall, special fund expenditures are generally unchanged, but the timing of the expenditures may vary and expenditures are potentially reallocated among State agencies (that potential change is not reflected above).

Local Effect: None.

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

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

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

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

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

Subaccount	**Balance Prior to Transfer**	**Transfer Amount in BRFA**	**Remaining Balance**
Energy Assistance	$13.8	$0.0	$13.8
Low and Moderate Income Energy Efficiency	14.5	2.3	12.2
Energy Efficiency in All Sectors	13.3	2.3	11.0
Renewable Energy and Climate Change	9.4	2.3	7.1
Administration	43.5	40.0	3.5
Subtotal RGGI-sourced Subaccounts	***$94.5***	***$46.9***	***$47.6***
Offshore Wind Development	$0.0	$0.0	$0.0
Exelon Animal-Waste-to-Energy ACP	0.0	0.0	0.0
Renewable Portfolio Standard ACP	85.2	43.1	42.1
Pepco/Exelon Merger Most Favored Nation Provision	0.0	0.0	0.0
AltaGas/WGL Settlement (Maryland Gas Expansion)	1.6	0.0	1.6
Subtotal NonRGGI-sourced Subaccounts	***$86.8***	***$43.1***	***$43.7***
Total All Subaccounts	**$181.3**	**$90.0**	**$91.3**

ACP: alternative compliance payment
BRFA: Budget Reconciliation and Financing Act
RGGI: Regional Greenhouse Gas Initiative

Source: Department of Legislative Services

In a press release in February 2024, Governor Wes Moore indicated the transferred funds would be used to support three primary initiatives: (1) $50.0 million for grants to electrify hospitals, schools, multi-family housing, and other community buildings; (2) $23.0 million for grants to install electric vehicle charging infrastructure in low- and moderate-income communities; and (3) $17.0 million for grants to purchase and lease electric school buses to serve Maryland public school students.

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

Location of Provisions in the Bill: Section 13 (pp. 96-97)

Analysis prepared by: Jason A. Kramer, Tonya D. Zimmerman, Samuel M. Quist

Alter Baltimore City Community College Funding Formula

Provision in the Bill: Alters the calculation of the State funding per full-time equivalent student (FTES) for Baltimore City Community College (BCCC) from a calculation based on the budget year State appropriations and budget year enrollment estimates to being based on two-year prior actual expenditures for general funds and Higher Education Investment Funds and two-year prior enrollment data at the selected public four-year institutions.

Agency: BCCC

Type of Action: Miscellaneous

State Effect: State aid to BCCC is not impacted due to the hold harmless provision, which requires the formula to be funded at a level no lower than the amount of the prior year budget.

Local Effect: None.

Program Description/Recent History: Chapters 568 and 569 of 1998 established a funding formula for BCCC, which was enhanced in fiscal 2006 and has been further revised several times since then. The BCCC funding formula makes up the majority of State funding for the community college. The total funds to be distributed through the formula are based on a percentage of the State's funding per FTES for selected public four-year institutions of higher education (68.5%) and the enrollment at BCCC. Specifically, the formula bases per student funding on a set statutory percentage of current year State appropriations per FTES at the selected four-year institutions. However, the formula also includes a hold harmless provision that requires the Governor to fund the formula at a level no lower than the level provided in the prior year budget.

Location of Provision in the Bill: Section 1 (pp. 27-31)

Analysis prepared by: Kelly K. Norton

Expand Allowable Uses of Fiscal 2024 General Fund Miscellaneous Capital Grant to Living Classrooms Foundation

Provision in the Bill: Authorizes the Governor, by June 30, 2024, to expand the allowable use of a pay-as-you-go (PAYGO) general fund miscellaneous capital grant appropriated in the fiscal 2024 operating budget for the Living Classrooms Foundation Opportunity Hub facility – specifically to include noncapital insurance expenses.

Agency: Department of General Services (DGS)

Type of Action: Miscellaneous

State Effect: None.

Local Effect: None.

Program Description: DGS administers the State grant process for miscellaneous capital grants, including those provided through the operating budget as PAYGO grants.

Recent History: Chapter 101 of 2023, Supplemental Budget No. 2, Item 83(13) appropriated a $1.5 million miscellaneous capital grant for infrastructure improvements to the Living Classrooms Foundation Opportunity Hub facility. This increased the State's funding support for the project to $2.15 million, including $150,000 and $500,000 general obligation bond funded grants in fiscal 2020 and 2022, respectively.

Location of Provision in the Bill: Section 19 (p. 97)

Analysis prepared by: Matthew D. Klein

Repeal and Reestablish the Maryland Commission on Transportation Revenue and Infrastructure Needs and Establish Related Advisory Committee

Provisions in the Bill: Repeal and reestablish the Maryland Commission on Transportation Revenue and Infrastructure Needs (TRAIN Commission). Under the reestablishment, alter the composition of the commission; alter the items it must review, evaluate, and make recommendations regarding; require it to be staffed by the Department of Legislative Services (DLS), instead of both DLS and the Maryland Department of Transportation (MDOT); and no longer subject the commission to termination. Newly establish the Advisory Committee to the Commission, staffed by MDOT, to review, evaluate, and make recommendations regarding items requested by the commission. Require, by January 1, 2025, the commission to submit a final report of its findings and recommendations to the Governor and the General Assembly.

Agencies: DLS; MDOT

Type of Action: Miscellaneous

State Effect: State operations and finances are not materially affected as the final report due date does not change; however, the commission is maintained indefinitely, potentially affecting resources that must be dedicated to ongoing staffing.

Local Effect: Local government operations and finances are not materially affected.

Program Description/Recent History: Chapter 455 of 2023 established the TRAIN Commission and required the commission to review, evaluate, and make recommendations concerning specified transportation system funding issues, including, among other things, the current State funding sources and structure of the Transportation Trust Fund, the methods that other states are employing to fund state transportation operating and capital programs, and options for sustainable long-term revenue sources for transportation. Chapter 455 required the commission to submit an interim report of its findings and recommendations to the Governor and the General Assembly by January 1, 2024, and a final report to the Governor and the General Assembly by January 1, 2025, six months before its June 30, 2025 termination date.

Location of Provisions in the Bill: Section 6 (p. 88) and Section 7 (pp. 88-91)

Analysis prepared by: Richard L. Duncan

Expand Authorized Uses of Police Training and Standards Commission Fund

Provision in the Bill: Expands the allowable uses of the Maryland Police Training and Standards Commission (MPTSC) Fund, in fiscal 2024 and 2025 only, to support police and correctional training activities of MPTSC. The fiscal 2025 budget includes a $2.0 million general fund reduction and $2.0 million special fund appropriation for fiscal 2024, contingent on the enactment of legislation expanding the authorized uses of the funds. The fiscal 2025 budget includes a $300,000 special fund appropriation, contingent on the enactment of legislation expanding the authorized uses of the funds.

Agency: Department of Public Safety and Correctional Services (DPSCS)

Type of Action: Miscellaneous

Fiscal Impact:	*($ in millions)* **FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**	**FY 2029**
SF Exp	$2.0	$0.3	$0	$0	$0	$0
GF Exp	($2.0)	$0	$0	$0	$0	$0

State Effect: General fund expenditures for DPSCS decrease by $2.0 million in fiscal 2024 and special fund expenditures increase correspondingly, reflecting a contingent reduction and contingent appropriation in the fiscal 2025 budget bill as passed by the General Assembly. Special fund expenditures in fiscal 2025 increase by $300,000, reflecting a contingent appropriation in the fiscal 2025 budget as passed by the General Assembly. Revenues are not affected.

Local Effect: None.

Program Description: The MPTSC Fund was established in fiscal 2019 and provides a dedicated source of funds to enhance police training activities provided by MPTSC. The MPTSC Fund receives $2.0 million each year through special court fees. At the close of fiscal 2023, the MPTSC Fund had a balance of $9.6 million.

Recent History: None.

Additional Comments: This provision is meant to expand the allowable uses so that funds may be used for any police or correctional training activity, including any regular or special operations of MPTSC, the Correctional Training Commission (CTC), and the Police and Correctional Training Commissions (PCTC). While the provision states funds may only support police and correctional training activities of MPTSC, this analysis assumes funds can also be used to support police and correctional training activity for CTC and PCTC as the applicable contingencies in the fiscal 2025 budget are effectuated by this provision.

Location of Provision in the Bill: Section 1 (p. 38)

Analysis prepared by: Jacob C. Cash

Delay Due Dates Associated with Evaluation of Blueprint for Maryland's Future

Provisions in the Bill: Delay the due date for the initial report to the Accountability and Implementation Board (AIB) of an independent evaluation of the State's progress in implementing the Blueprint for Maryland's Future and achieving expected outcomes during the implementation period from October 1, 2024, to December 1, 2026. Make a corresponding change so that, by January 15, 2027, instead of by December 1, 2024, under current law, AIB must, using the first independent evaluation and its own judgment, report to the Governor and the General Assembly on whether the Blueprint is being implemented as intended and achieving the expected outcomes. Thereby also delay – from fiscal 2026 to fiscal 2028 – State and local funding implications triggered if AIB does not report that the Blueprint is being implemented as intended and is achieving expected outcomes.

Agency: AIB

Type of Action: Miscellaneous

State Effect: Delaying from fiscal 2026 to fiscal 2028 the potential curtailment of State education aid, which occurs in the event of an AIB finding that Blueprint implementation and results are not as intended, potentially substantially increases State expenditures in fiscal 2026 and 2027. Revenues are not affected.

Local Effect: Potential curtailment of county government required appropriations to public schools is delayed from fiscal 2026 to fiscal 2028, resulting in potential substantial increases in county government expenditures in fiscal 2026 and 2027. Local school system funding from the State and county governments may increase substantially in fiscal 2026 and 2027.

Program Description: AIB must contract for an independent evaluation of the State's progress in implementing the Blueprint and achieving expected outcomes during the implementation period. The contractor must report its results to AIB by October 1, 2024, and October 1, 2030. By December 1, 2024, AIB must, using the first independent evaluation and its own judgment, report to the Governor and the General Assembly on whether the Blueprint is being implemented as intended and achieving the expected outcomes. If AIB does not report that it is, then State and local funding for public schools is limited, as specified, and it is the intent of the General Assembly to take immediate action to adjust Blueprint formula and policies to fulfill its specified Blueprint commitments.

Recent History: None.

Location of Provisions in the Bill: Section 1 (pp. 11-12) and Section 3 (pp. 87-88)

Analysis prepared by: Scott P. Gates

Appendix B
Quantifiable Revenue and Expenditure Impacts on State Finances, by Provision and Fund Type
Fiscal 2024-2029
($ in Dollars)

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GENERAL FUND REVENUES						
Mandate Relief						
Repeal Requirement – Distribution to LITRA	0	10,000,000	0	0	0	0
Subtotal – Mandate Relief	***0***	***10,000,000***	***0***	***0***	***0***	***0***
Transfers, Fund Swaps, Cost Shifts/Control, and Revenue/Other Actions						
Reduce Revenue Volatility Adjustment	120,000,000	140,000,000	0	0	0	0
Redirect Interest from Special Funds	2,250,000	27,000,000	13,500,000	13,500,000	13,500,000	0
Reduce Lottery Sales/Cashing Commissions	1,690,991	20,663,841	20,803,778	20,946,349	21,091,332	21,251,473
Repeal – Small Business Relief Tax Credit	0	85,000	85,000	85,000	85,000	85,000
Transfer – from State UI Reserve Account	0	60,000,000	0	0	0	0
Transfer – from DPA (as specified)	193,474,476	0	0	0	0	0
Transfer – from DPA (DNR related)	0	14,000,000	0	0	0	0
Transfer – from DPA (MDH related)	0	7,580,873	0	0	0	0
Transfer – from DPA (LEAP)	0	4,500,000	0	0	0	0
Withdraw Funding – BCCC Demolition	2,000,000	0	0	0	0	0
Transfer – from LITRA	150,000,000	0	0	0	0	0
Establish TNC Impact Fee and Account	0	1,331,771	298,749	312,108	325,788	340,106
Increase Tax Rates/Alter Distribution*	0	514,000	(75,942,945)	(76,100,941)	215,311	137,210
Divert SUT Revenue from Vehicle Charging	0	(755,724)	(991,609)	(1,277,187)	(1,618,239)	(2,019,063)
Subtotal – Other Actions	***469,415,467***	***274,919,761***	***(42,247,027)***	***(42,534,671)***	***33,599,192***	***19,794,726***
Total General Fund Revenues	**469,415,467**	**284,919,761**	**(42,247,027)**	**(42,534,671)**	**33,599,192**	**19,794,726**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
GENERAL FUND EXPENDITURES						
Mandate Relief						
Alter Mandate – CPD	0	(700,000)	(350,000)	(350,000)	(350,000)	(350,000)
Repeal SCRLF/Transfer Fund Balance	(20,000,000)	(10,000,000)	(10,000,000)	(40,000,000)	0	0
Alter Cade Funding Formula	0	(12,739,610)	(24,517,353)	(18,794,852)	(11,573,651)	(4,835,949)
Alter Sellinger Program Funding Formula	0	(61,310,959)	(65,368,218)	(65,659,192)	(65,972,377)	(66,539,979)
Alter Mandate – Business Façade Improvement	0	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Suspend Mandate – Fisheries R&D Fund	0	(1,794,000)	0	0	0	0
Reduce Mandate – Noland Woodland Fund	0	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Reduce Mandate for Retirement Reinvestment	0	(21,611,737)	(6,770,000)	(4,610,000)	(4,610,000)	(4,520,000)
Delay/Alter Full-day PreK Funding	0	0	(44,015)	77,184,881	79,990,346	65,971,155
Subtotal – Mandate Relief	***(20,000,000)***	***(113,656,306)***	***(112,549,586)***	***(57,729,163)***	***(8,015,682)***	***(15,774,773)***
Transfers, Fund Swaps, Cost Shifts/Control, and Revenue/Other Actions						
Satisfy Mandate with CACB 2010 Trust Fund	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Transfer – from Certain Boards to BHA	0	(2,556,174)	0	0	0	0
Transfer – from HIEF to Medicaid	0	(216,845)	0	0	0	0
Expand Allowable Uses of SPADP Fund	0	(5,000,000)	0	0	0	0
Transfer – POS State Funds for DNR Personnel	0	(6,678,827)	0	0	0	0
Increase Vehicle Surcharge/Change Distribution	0	18,543	0	0	0	0
Establish TNC Impact Fee and Account	0	1,331,771	298,749	312,108	325,788	340,106
Expand Uses – PTSC Fund	(2,000,000)	0	0	0	0	0
Increase Tax Rates/Alter Distribution*	0	0	0	(398,088,886)	(73,555,689)	(71,339,790)
Divert SUT Revenue from Vehicle Charging	0	250,000	0	0	0	0
Subtotal – Other Actions	***(4,500,000)***	***(15,351,532)***	***(2,201,251)***	***(400,276,778)***	***(75,729,901)***	***(73,499,684)***
Total General Fund Expenditures	**(24,500,000)**	**(129,007,838)**	**(114,750,837)**	**(458,005,941)**	**(83,745,583)**	**(89,274,457)**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SPECIAL FUND REVENUES						
Mandate Relief						
Repeal SCRLF/Transfer Fund Balance	40,000,000	0	0	0	0	0
Suspend Mandate – Fisheries R&D Fund	0	(1,794,000)	0	0	0	0
Reduce Mandate – Noland Woodland Fund	0	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Reduce Mandate – Retirement Reinvestment	0	(25,000,000)	(7,840,000)	(5,340,000)	(5,340,000)	(5,248,000)
Subtotal – Mandate Relief	***40,000,000***	***(27,294,000)***	***(8,340,000)***	***(5,840,000)***	***(5,840,000)***	***(5,748,000)***
Transfers, Fund Swaps, Cost Shifts/Control, and Revenue/Other Actions						
Reduce Revenue Volatility Adjustment	(120,000,000)	(140,000,000)	0	0	0	0
Redirect Interest from Various Special Funds	(2,250,000)	(27,000,000)	(13,500,000)	(13,500,000)	(13,500,000)	0
Transfer – from SEIF to DPA	0	90,000,000	0	0	0	0
Expand Uses of SPADP Fund	0	3,600,000	0	0	0	0
Increase Vehicle Surcharge/Change Distribution	0	41,001,615	41,001,615	41,001,615	41,001,615	41,001,615
Increase Vehicle Surcharge/Change Distribution	0	18,222,940	18,222,940	18,222,940	18,222,940	18,222,940
Increase Vehicle Surcharge/Change Distribution	0	45,557,350	45,557,350	45,557,350	45,557,350	45,557,350
Establish TNC Impact Fee and Account	0	37,366,229	40,108,251	41,852,892	43,645,212	46,471,894
Increase Annual Vehicle Registration Fee	0	168,933,195	200,984,230	253,313,205	253,313,205	253,313,205
Establish Annual Surcharge – EVs and PHEVs	0	10,722,278	10,722,278	10,722,278	10,722,278	10,722,278
Increase Car Dealer Processing Charge	0	7,000,362	7,000,362	7,000,362	7,000,362	7,000,362
Increase Tax Rates/Alter Distribution*	0	91,394,000	154,470,945	152,223,941	73,555,689	71,339,790
Divert SUT Revenue from Vehicle Charging	0	852,000	1,123,000	1,453,000	1,841,000	2,297,000
Divert SUT Revenue from Vehicle Charging	0	(96,276)	(131,391)	(175,813)	(222,761)	(277,937)
Subtotal – Other Actions	***(122,250,000)***	***347,553,693***	***505,559,580***	***557,671,770***	***481,136,890***	***495,648,497***
Total Special Fund Revenues	**(82,250,000)**	**320,259,693**	**497,219,580**	**551,831,770**	**475,296,890**	**489,900,497**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
SPECIAL FUND EXPENDITURES						
Mandate Relief						
Alter Mandate – CPD	0	700,000	350,000	350,000	350,000	350,000
Repeal SCRLF/Transfer Fund Balance	0	0	0	40,000,000	0	0
Reduce Mandate – Noland Woodland Fund	0	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Reduce Mandate – Retirement Reinvestment	0	(1,683,650)	(530,000)	(360,000)	(360,000)	(360,000)
Delay/Alter Full-day PreK Funding	0	(7,709,776)	(6,266,183)	13,975,960	0	0
Subtotal – Mandate Relief	***0***	***(9,193,426)***	***(6,946,183)***	***53,465,960***	***(510,000)***	***(510,000)***
Transfers, Fund Swaps, Cost Shifts/Control, and Revenue/Other Actions						
Satisfy Mandate with CACB 2010 Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Lower Spending – Fiscal Responsibility Fund**	0	0	(60,000,000)	(70,000,000)	0	0
Alter Requirement to Purchase Only ZEBs	0	(28,000,000)	(28,000,000)	0	0	0
Transfer – from Certain Boards to BHA	0	2,556,174	0	0	0	0
Transfer – from HIEF to Medicaid	0	216,845	0	0	0	0
Expand Uses of SPADP Fund	0	5,000,000	0	0	0	0
Expand Uses of SPADP Fund	0	3,600,000	0	0	0	0
Increase Vehicle Surcharge/Change Distribution	0	0	1,500,000	1,500,000	1,500,000	1,500,000
Increase Vehicle Surcharge/Change Distribution	0	1,210,000	1,210,000	1,210,000	1,210,000	1,210,000
Increase Vehicle Surcharge/Change Distribution	0	2,200,420	2,200,420	2,200,420	2,200,420	2,200,420
Increase Annual Vehicle Registration Fee	0	3,547,597	4,220,669	5,319,577	5,319,577	5,319,577
Establish Annual Surcharge – EVs/PHEVs	0	225,168	225,168	225,168	225,168	225,168
Expand Uses of PTSC Fund	2,000,000	300,000	0	0	0	0
Increase Tax Rates/Alter Distribution*	0	0	0	398,088,886	73,555,689	71,339,790
Subtotal – Other Actions	***4,500,000***	***(6,643,796)***	***(76,143,743)***	***341,044,051***	***86,510,854***	***84,294,955***
Total Special Fund Expenditures	**4,500,000**	**(15,837,222)**	**(83,089,926)**	**394,510,011**	**86,000,854**	**83,784,955**

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
FEDERAL FUND EXPENDITURES						
Reduce Mandate – Retirement Reinvestment		(912,824)	(290,000)	(200,000)	(200,000)	(200,000)
Total Federal Fund Expenditures	**0**	**(912,824)**	**(290,000)**	**(200,000)**	**(200,000)**	**(200,000)**

BCCC: Baltimore City Community College
BHA: Behavioral Health Administration
CACB: Chesapeake and Atlantic Coastal Bays
CPD: Consumer Protection Division
DNR: Department of Natural Resources
DPA: Dedicated Purpose Account
EVs: Electric Vehicles
HIEF: Health Information Exchange Fund
LEAP: Learning in Extended Academic Programs
LITRA: Local Income Tax Reserve Account
MDH: Maryland Department of Health
PHEVs: Plug-in Electric Vehicles
POS: Program Open Space
PreK: Prekindergarten
PTSC: Police Training and Standards Commission
R&D: Research and Development
SCRLF: School Construction Revolving Loan Fund
SEIF: Strategic Energy Investment Fund
SPADP: Senior Drug Assistance Development Program
SUT: Sales and Use Tax
TNC: Transportation Network Company
UI: Unemployment Insurance
ZEBs: Zero-emission Buses

* Relates to tobacco tax and sales and use tax on electronic smoking devices, with revenue increase dedicated to the Blueprint for Maryland's Future Fund.

** Impact is related to reducing the amount of the revenue volatility adjustment.

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

Source: Department of Legislative Services

Appendix C
Impact on Fiscal 2025 Funding for (and by) Local Jurisdictions of Selected Provisions of the Budget Reconciliation and Financing Act of 2024

County	Cade Community College Funding	Local School Systems from State and Local Prekindergarten Program Funding	County Expenditures for Public Schools -- Prekindergarten Program Funding	Total Impact
Allegany	($446,392)	($215,545)		($661,937)
Anne Arundel	(837,018)	(295,512)		(1,132,530)
Baltimore City		(1,034,436)		(1,034,436)
Baltimore	(2,754,377)	(236,947)		(2,991,324)
Calvert	(185,236)	(8,055)		(193,291)
Caroline	(208,843)	(404,108)	($94,742)	(612,951)
Carroll	(823,843)	(29,358)		(853,201)
Cecil	(885,688)	(518,178)	(216,956)	(1,403,866)
Charles	(361,415)	(676,027)		(1,037,442)
Dorchester	(131,740)	(132,094)		(263,834)
Frederick	463,423	(776,816)		(313,393)
Garrett	(818,327)	(399,279)	(271,314)	(1,217,606)
Harford	(431,218)	(249,170)		(680,388)
Howard	(572,026)	(108,976)		(681,002)
Kent	(71,566)	(123,622)	(92,954)	(195,188)
Montgomery	(1,203,833)	4,625		(1,199,208)
Prince George’s	(867,929)	(1,981,959)	(939,218)	(2,849,888)
Queen Anne’s	(245,869)	(112,470)		(358,339)
St. Mary’s	(240,394)	(36,249)		(276,643)
Somerset	(119,270)	(62,509)		(181,779)
Talbot	(205,011)	(159,429)	(90,733)	(364,440)
Washington	(808,288)	(1,455,776)		(2,264,064)
Wicomico	(697,397)	(298,649)		(996,046)
Worcester	(259,474)	(105,154)		(364,628)
Total	**($12,711,734)**	**($9,415,693)**	**($1,705,917)**	**($22,127,427)**

Notes: Numbers may not sum to total due to rounding in the amounts apportioned to the appropriate jurisdiction for regional community colleges that are funded by and serve multiple jurisdictions. Baltimore City Community College, as a State agency, is not affected. The $9.4 million shown for local school system support reflects the changes in *both* the State and county contributions – $7.7 million of which is from the State and $1.7 million (as also shown separately) is from counties for which there is a reduction in required local support.

Source: Department of Legislative Services

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Budget Reconciliation and Financing Act of 2024

BILL NUMBER: SB0362

PREPARED BY: Marc Nicole, Deputy Budget Secretary

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

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

OR

__X__ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

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

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