

House Appropriations Committee

Report on

House Bill 350 – the Budget Bill

**House Bill 352 – the Budget Reconciliation and
Financing Act**

**Maryland General Assembly
Annapolis, Maryland**

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Fiscal 2026 Budget Budget Bill (HB 350) and the Budget Reconciliation and Financing Act (HB 352) As Amended by the Appropriations Committee

Meets Spending Affordability Goals: Both the general fund balance of \$392 million and the structural surplus of \$15 million surpass the Spending Affordability Committee (SAC) goals of \$100 million fund balance and elimination of the structural deficit for fiscal 2026.

Preserves Reserves to Protect Against Impact of Federal Actions: More than \$2.4 billion in cash resources (equivalent to 9.6% of general fund revenues) are preserved, including \$2.1 billion in the Revenue Stabilization Account (Rainy Day Fund) and \$392 million in the General Fund.

Cuts \$2 Billion of Proposed Spending: General fund reductions of \$1.630 billion are adopted including \$524 million through the Budget Reconciliation and Financing Act (BRFA), and special funds are reduced by \$339 million. The budget also reduces planned spending by transferring to the General Fund over \$200 million of funds earmarked in the Dedicated Purpose Account for future spending on specific programs/projects. The committee's proposal abolishes 212 State positions.

Decreases General Fund Spending: Under the budget plan, general fund spending decreases by \$414 million compared to fiscal 2025. Spending across all funds increases by 0.1%.

Raises Ongoing Revenues to Address the State's Budget Challenges: \$1.2 billion of ongoing revenues are expected in fiscal 2026 from tax and fee provisions. Coupled with spending reductions, these revenues produce a structural surplus in fiscal 2026. Proposed changes to the individual income tax are projected to result in 94% of tax filers paying the same or less than under current law.

Raises Ongoing Revenues to Address the State's Transportation Needs: \$498.8 million of revenues are generated in fiscal 2026 by increasing the vehicle excise tax rate and certificate of title fees, establishing a rental vehicle excise tax, accelerating registration fee increases adopted last session, changing the definition of vehicles eligible for historic tags, and increasing Vehicle Emissions Inspection Program fees.

Restores Funds for Legislative Priorities: The proposed budget restores funds for legislative priorities that the Governor proposed reducing, including \$122.4 million for collaborative time in public schools, \$15 million for cancer research by the Academic Health Centers, almost \$11 million for victims of crime grants, and \$7 million of grants to

local governments for enterprise zone tax credits. The budget plan also restores ongoing mandates for public television, the arts council, and Baltimore City Community College.

Adds Funds to Preserve Services for the Developmentally Disabled and Support Other Legislative Priorities: The budget plan adds \$181.5 million across fiscal 2025 and 2026 for community services for the developmentally disabled to undo cost containment actions proposed by the Governor. Other notable legislative additions include \$17 million for a one-time Disparity Grant enhancement, \$10 million to make Maryland the capital of quantum, and \$1 million for rape crisis centers.

Invests in Growing the Economy: Under the committee's proposal, \$136 million is invested in growing the private-sector economy, including \$27.5 million to make Maryland the capital of quantum, \$32 million of pay-as-you-go capital funding for Tradeport Atlantic, \$15 million for the Sunny Day Fund, and \$10 million for the Strategic Infrastructure Revolving Loan Fund.

Increases Funding for Public Schools: Under the committee's budget proposal, the Blueprint for Maryland's Future formulas are fully funded. State support for public schools will total \$9.8 billion. Direct aid to local school systems will increase an estimated \$605.8 million, or 7.4%.

Boosts State Employee Salaries: The allowance includes \$200.6 million for fiscal 2026 salary increases, including a 1% cost-of-living adjustment for all employees and salary increments of about 2.5% for employees in bargaining units.

Continues to Provide Vital Health Care Services: Medicaid funding totals \$15.6 billion, allowing the State to provide coverage to about 1.5 million residents. Rate increases of 1% are funded for providers serving the developmentally disabled, behavioral health providers, nursing homes, and most Medicaid community-based providers.

Enhances Funding for Public Safety and Maintains Support for Victim Services: The budget funds police aid at \$121.8 million, \$46 million above the statutorily required amount. Victim services are fully funded at the mandated level of \$60 million. New funding of \$5.5 million is invested in community-based services for juveniles, and \$5 million is provided to increase staffing levels for the Division of Parole and Probation.

Invests in the State's Climate Pollution Reduction Plan: The budget includes \$100 million for the climate pollution reduction efforts, including \$50 million for solar energy projects on State land and \$50 million for local government clean energy projects.

Fiscal 2026 General Fund Balancing Strategy

	<u>Governor</u>	<u>House</u>
Fiscal 2026 Ending Balance (Before Legislation)*	-\$3,047.7	-\$3,047.7
Revenue Adjustments including Transfers		
Board of Revenue Estimates March Revisions	-\$347.0	-\$347.0
Budget Reconciliation and Financing Act (BRFA)	1,953.2	2,329.3
Other		40.0
Spending Adjustments		
Reductions Contingent on BRFA	\$1,040.8	\$524.1
Reductions Contingent on Other Legislation	20.6	20.6
Spending Reductions**		1,102.1
Spending Additions for Legislative Priorities		-229.1
Fiscal 2026 Estimated Closing Balance	-\$246.6	\$392.4

*Includes Supplemental No. 2.

**Includes special fund cuts to costs that increase general fund revenues.

Budget Reconciliation and Financing Act (HB 352) Tax Provisions

Income Tax – Modifications to Rates, Deductions, and Credits	<p>Repeal the phase-in of the standard deduction</p> <p>Increase the standard deduction to \$3,350/\$6,700 (20% increase)</p> <p>Phase out itemized deductions for federal adjusted gross income above \$200,000 by applying a 7.5% phase-out factor</p> <p>Add two new tax brackets for taxable income as follows:</p> <p>Single Filers</p> <ul style="list-style-type: none"> • \$500,001 – \$1,000,000 (6.25%); and • Excess of \$1 million (6.50%) <p>Joint Filers</p> <ul style="list-style-type: none"> • \$600,001 – \$1,200,000 (6.25%); and • Excess of \$1.2 million (6.50%) <p>Modify the child tax credit to phase out rather than having a cliff at \$15,000</p>	\$344 M
Income Tax – Capital Gains Surcharge	Establish a 2% surcharge on capital gains for filers with income in excess of \$350,000 with 1.25% to the General Fund and 0.75% to the Transportation Trust Fund (TTF)	\$367 M 229 GF 138 TTF
Sports Wagering Tax	Increase the tax rate from 15% to 20% with the increase going to the General Fund	\$32 M
Sales Tax on Services	Impose a sales tax on data/IT services at a rate of 3.0% and distribute the revenue to the General Fund	\$497 M
Sales Tax Exemptions	<p>Repeal sales tax exemption for sales of photographic and artistic material used in advertising</p> <p>Repeal sales tax exemption for sales of precious metal coins or bullion over \$1,000 with exemption for sales at Baltimore City Convention Center</p>	\$21 M

Cannabis Tax	Increase the tax rate from 9% to 12%	\$39 M
Vending Machine Sales	Apply 6% sales tax to vending machine sales	\$9 M
Film Production Activity Tax Credit	Reduce cap on total credits for fiscal 2026 from \$20 M to \$12 M	\$8 M
Local Income Tax	Increase the maximum local income tax rate that may be imposed from 3.2% to 3.3%	

Transportation Revenue

Vehicle Excise Tax	Increase the excise tax on vehicles to 6.8%	\$146 M
Registration Fees	Accelerate from fiscal 2027 to 2026 the annual vehicle registration fee increases for Class A (passenger), Class M (multipurpose), and Class E (truck) vehicles	\$52 M
VEIP Fees	Increase the maximum fee from \$14 to \$30	\$20 M
Historic Tags	Limit definition to vehicles older than the 1999 model year rather than 20 years	\$9 M
Short-term Vehicle Rentals	Repeal the excise tax exemption and establish an excise tax rate of 3.5%	\$47 M
Certificate of Title	Double fees (for new/used vehicle to \$200)	\$80 M
MVA Cost Recovery	Increase maximum allowable cost recovery to 115%	\$6 M

Transportation Trust Fund also receives portion of capital gains surcharge discussed above.

**Proposed Calculation of Maryland Itemized Deductions for Example Taxpayers
Tax Year 2025**

<u>FAGI</u>	<u>\$200,000</u>	<u>\$250,000</u>	<u>\$500,000</u>	<u>\$1,000,000</u>
A. Tentative Maryland Itemized Deductions	\$50,000	\$50,000	\$50,000	\$50,000
B. Amount of FAGI in excess of \$200,000	\$0	\$50,000	\$300,000	\$800,000
C. B multiplied by 7.5%	\$0	\$3,750	\$22,500	\$60,000
D. A minus C	\$50,000	\$46,250	\$27,500	-\$10,000
E. Greater of D and Proposed Tax Year 2025 Standard Deduction	\$50,000	\$46,250	\$27,500	\$6,700 ¹
o Tax Year 2025 Deductions	\$50,000	\$46,250	\$27,500	\$6,700

FAGI: federal adjusted gross income

¹ Assumes that this example taxpayer is married filing jointly or is a head of household or qualified surviving spouse.

Estimated Effect of Proposed Income Tax Changes on Example Taxpayers
Tax Year 2025

	<u>Filing Status</u>	<u>FAGI</u>	<u>State Income Tax Change</u>	<u>Local Income Tax Change</u> ¹	<u>Total State & Local Income Tax Change Amount</u>	<u>Percent of FAGI</u>
Household 1 (Family of 1)	Single	\$15,000	-\$52	-\$25 to -\$36	-\$77 to -\$88	-0.5% to -0.6%
Household 2 (Family of 3)	Head of Household	25,000	-140	0	-140	-0.6%
Household 3 (Family of 3)	Head of Household	50,000	-53	-25 to -36	-78 to -89	-0.2% to -0.2%
Household 4 (Family of 4)	Joint	100,000	-53	-25 to -35	-78 to -88	-0.1%
Household 5 (Family of 4)	Joint	300,000	-61	-25 to -35	-86 to -96	0.0%
Household 6 (Family of 4)	Joint	750,000	5,042	928 to 1,320	5,970 to 6,362	0.8%
Household 7 (Family of 4)	Joint	1,250,000	12,485	1,649 to 2,345	14,134 to 14,830	1.1% to 1.2%

FAGI: federal adjusted gross income

Joint: married filing jointly

¹ Amounts shown do not include the effect of any potential increases in county income tax rates for tax year 2025 due to the proposed increase (from 3.20% to 3.30%) in the maximum authorized county income tax rate.

Assumptions:

Households 2 through 7 include two dependent children younger than age 13, one of whom is younger than age 6.

All income for households 1, 2, and 3 is salary and wage income; households 1, 2, and 3 each claim the State and local earned income credits.

Households 1, 2, 3, 4, and 5 elect the standard deduction on the federal income tax return, and households 6 and 7 itemize deductions on the federal return. Households 6 and 7 claim federal itemized deductions totaling \$60,000 and \$90,000, respectively.

Households 6 and 7 each have net capital gain for tax year 2025 totaling \$100,000 and \$250,000, respectively. The full amount of each gain is subject to the proposed 2% surtax.

**Fiscal 2025 and 2026 Revenues and Transfers Authorized by the
Budget Reconciliation and Financing Act**

House

BRFA General Fund Transfers

Local Income Tax Reserve Fund	\$307.9
Strategic Energy Investment Fund	230.0
DPA: PAYGO	113.9
DPA: Cybersecurity	63.5
State Unemployment Insurance Trust Fund	20.0
DPA: State Center Moving Funds	20.0
Land Records Improvement Fund	20.0
Maternal and Child Health Population and Improvement Fund	13.1
Resilient Maryland Fund	9.0
DPSCS Police Training and Standards Commission	7.0
DPA: End the Wait funds	6.0
Mortgage Loan Services Practices Settlement Fund	5.0
Violence and Intervention Program Prevention Program	4.9
More Jobs for Marylanders	4.3
Racing and Community Development Financing Fund Interest	3.0
Innovation Investment Tax Credit	1.4
Maryland Used Tire Cleanup and Recycling Fund	1.0

BRFA General Fund Revenues

Apply 6% Sales Tax to Data/Information Technology Services	\$497.0
Personal Income Tax Reform	351.4
2% Capital Gains Surcharge (general fund receives 1.25%)	229.4
Revenue Volatility Cap Adjustment	205.1
Redirect SEIF Interest Earnings to the General Fund	65.0
Cannabis Tax Rate Increases to 12%	39.1
Sports Wagering Tax Rate Increases to 20%	31.8
Divert Portion of Transfer Tax Revenue to the General Fund	25.0
Repeal Sales Tax Exemption for Sale of Photographic and Artistic Material Used in Advertising	18.7
Lottery Revenue from Reduced Distributions to Bus Rapid Transit and Major Sports and Entertainment Event Program Fund	12.5
Repeal Sales Tax Exemption for Vending Machine Sales of Snacks	9.1
Reduce Student Debt Relief Tax Credit	9.0
Cap Film Production Activity Credit at \$12 Million	8.0
Divert Uninsured Motorist Penalties from Other Purposes	2.6
Revenue Distribution to E-Innovation Initiative Reduced	2.5
Repeal Sales Tax Exemption for Precious Metal Coins or Bullion over \$1,000 with Exemption of Sales at Baltimore Convention Center	2.5
Payments from Local Jurisdictions for 50% of New Settlements for Erroneously Confined Individuals	1.5
Increase Securities Agent Fee	1.2
Social Equity Partnership Grants	-5.0
Child Tax Credit Enhancement	-7.0

House

Total Fiscal 2025 and 2026 General Fund Actions **\$2,329.3**

BRFA Blueprint Revenues

Repeal Sales Tax Exemptions for Sale of Photographic and Artistic
Material Used in Advertising, Precious Metal Coins/Bullion Over
\$1,000, and Vending Machine Sales of Snacks \$3.1
Sports Wagering 2.5
Total Fiscal 2025 and 2026 Blueprint Actions **\$5.6**

BRFA Transportation Trust Fund Revenues

Increase Vehicle Excise Tax to 6.8% \$146.3
2% Capital Gains Surcharge (TTF receives 0.75%) 137.6
Double Certificate of Title Fees 80.0
Accelerate Phase-in of Vehicle Registration Fee Increase 52.3
Rental Vehicle Excise Tax of 3.5% 47.0
VEIP Fee Increase 20.5
Alter the Definition of Historic Vehicles to Pre-1999 Models 9.0
Increase Cap on MVA Cost Recovery 6.2
Total Transportation Trust Fund Revenues **\$498.9**

Other Special Fund Revenues

Increase Medicaid Deficit Assessment \$150.0
Establish Unemployment Insurance Fee 33.0
Increase Local Share of Property Assessment Costs 21.2
Fund New Maryland Primary Care Fund from Hospital Savings 16.0
Rental Property Lead Registration Fee 3.8
Increase Securities Agent Fee 2.4
Set Tire Recycling Fee for Calendar 2026 at \$1 and Index to Inflation
for Future 1.2
Alter Weights and Measures Registration Process and Fees 1.0
Increase and Alter Surface Mining Fees 0.7
Wetlands and Waterways Program Fund 0.6
Increase Voluntary Cleanup Program Fees 0.4
Sediment and Erosion Control Training 0.4
Increase Fees for Certification of Nurseries, Licensing of Plant
Brokers and Dealers and the Inspection of Nursery Stock 0.1
Horse Establishment License Renewal 0.01
Increase Wholesale Seedsman Permit Fee 0.01
Transfer Tax Diversion -25.0
Total Other Special Fund Revenues **\$205.8**

Legislative Actions on Spending (\$ in Millions)

Proposed Budget Reductions

General Fund Reductions

House

Fiscal 2026 Actions

Appropriation to Rainy Day Fund (leaves balance of \$2.1 billion in Rainy Day Fund)	\$419.5
Increase estimate of vacant positions to 9.5%	109.6
Shift community college and K-12 teachers' retirement costs to locals*	97.7
Operating reduction placeholder for forthcoming Supplemental Budget No. 2	97.0
Increase Medicaid deficit assessment*	92.5
Fund Baltimore Vacants Reinvestment Initiative with bonds	50.0
No one-time funds for Pension System and Retiree Health liability	50.0
Favorable Medicaid enrollment trends	44.8
Eliminate annual payment to pension system that exceeds actuarially required amount*	43.6
Expedited IT projects	28.8
Debt Service savings from refunding bonds and smaller bond sale	27.0
Shift Nonpublic Placement costs to LEAs*	25.0
Recognize CRF revenues from arbitration panel ruling and apply to Medicaid*	25.0
Fund Enough Act at \$15 million	22.9
increase local share of property assessment costs*	21.2
Savings from delay in FAMLI implementation**	14.8
DDA cap on Self-Directed Individual and Family Directed Goods and Services*	14.5
No employee increments for Judiciary consistent with executive action to limit increments to employees in bargaining units	14.0
Supplemental Retirement grants*	13.8
Allow use of 2010 Trust Fund to support DNR operating costs*	10.5
Reduce Sunny Day Fund Appropriation to \$15 million	10.0
Expand allowable uses of SDAT's Review, Process and Audit Fund for fiscal 2026 and 2027*	10.0
Fund behavioral health costs with balances from Health Occupation Boards*	9.5
Set MCO rates at the bottom of the actuarial range consistent with long-standing practice	9.1
Judiciary operating costs including 5 new positions	8.0
Fund MDH and DPSCS behavioral health expenses from Opioid Restitution Fund*	7.4
Fund portion of behavioral health investments with federal matching funds	6.9
Reduce mandate for Maryland Service Year Pathway Fund	6.8
Allow use of Strategic Energy Investment Fund for MDE Air and Radiation Division Costs*	6.1
Reduce funds for tobacco cessation program to mandate of \$18.25 million	5.7
Reduce State retirement administrative fee payments**	5.7
Fund Swap: MEMSOF to fund additional State Police Aviation division costs*	5.5
Fund School Resource Officers from special fund balance*	5.0
Fund Swap: Cannabis Fund to fund Social Equity Partnership Grants*	5.0
Fund Swap: Use special fund balance for School Resource Officer grants	5.0
West North Avenue Development Authority – Fund grants at fiscal 2025 level of \$15 million	5.0
Reduce mandate for Police Officer and Probation Agent Loan Assistance Repayment to \$200,000*	4.8
Reduce Medicaid Physician evaluation and management rates to about 100% of Medicare	4.8
Delete administrative funds for Sun Bucks Program budgeted in wrong place (add restores in correct place)	4.7
Reduce mandate for Police Officer and Probation Agent Scholarship Program to \$200,000*	4.5

House

50% reduction to Certified Site Program	3.5
Fund Tourism Development Board at \$9 million	3.2
Fund Portion of retiree prescription drug costs from balance for Senior Prescription Drug Assistance Program**	3.1
Better align Promise Scholarship funds with actual experience	3.0
Level Fund Build Our Future Grant Program at \$7.5 million	3.0
Reduce funds for MDH Major IT projects to align with cash flow schedule	3.0
Reduce funds for Medicaid MCO incentive program	2.6
Reduce mandate for tree planting on agricultural lands to \$0.5 million*	2.0
Reduce Baltimore City Children and Youth Fund Grant to \$2 million as mandate has expired	2.0
No discretionary increase to local health grant	2.0
Reduce Cyber Workforce Grants – leaves \$3.1 million	2.0
Fund Historic Revitalization Tax Credits at \$20 million	2.0
Favorable Trends in Public Assistance to Adults Caseload	1.8
Fund Swap using fund balance from Securities Registration Act Fund to support OAG costs*	1.7
Service and Civic Innovation – deny 21 new positions	1.7
Biohub Maryland – level fund at \$0.5 million	1.5
Reduce Contingent Fund to \$1 million, which was fiscal 2024 activity level	1.5
DHS – Reduce administrative funds for SUN Bucks Program based on staffing levels	1.1
Eliminate mandate for Patient Safety Center*	1.0
Correctional Ombudsman – fund with Performance Incentive Grant Fund*	1.0
Reduce mandate for Warrants and Absconding Program*	1.0
Delete new grant to Ignite Capital	1.0
Economic Agenda – IT investments. Leaves \$1.2 million	0.8
RISE Zone – use unspent balance to fund fiscal 2026 Business Rental Assistance Costs	0.8
MDE Fee increase fund swap*	0.7
Fund portion of inmate medical contract from liquidated damages paid by contractor	0.7
Delay Voter Registration and Election Administration Modernization IT project as SBE has too many major IT projects underway to effectively manage	0.6
Reduce the mandate for the Career Pathways for Healthcare Workers Program to \$500,000*	0.5
Eliminate mandate for Watermen’s Microloan Program*	0.5
Reduce out-of-state travel for Commerce to align with actual fiscal 2024 experience	0.5
Agriculture – no funds for leaders in environmentally engaged farming	0.4
Fund OAG Consumer Protection Division mandate with special funds*	0.4
Office of the Governor – Delete 2 positions due to availability of vacancies	0.3
New Start Microloan Program – use fund balance	0.3
Delete 8 long-term vacant Medicaid positions	0.2
Reduce operating expense for Maryland Health Benefit Exchange	0.3
No new positions for the Maryland Department of Planning	0.3
Eliminate mandate for Maryland Forestry Education Program*	0.3
Delete Funds for Hagerstown Public Safety Project Feasibility Study included in wrong budget (an add moves to correct budget)	0.3
Reduce 5 new positions for MSDE	0.2
Delete 3 positions for GOCPP	0.2
Deny 1 new position for DHCD	0.2
Reduce fund for Maryland New Start Act to \$50,000*	0.2
Delete 2 new positions for Emergency Management	0.1
TEDCO Cyber Maryland as program shifts to Md Labor**	0.1
Miscellaneous operating savings in Public Defender	0.1
Reduce mandate for Maryland Construction Education Innovation Fund to \$531,000*	0.1

House

Delete 5 long-term vacancies in the Military Department	0.1
Correct budgeting error in DoIT	0.1
Reduce DHS Energy Programs Operating Expenses	0.01

Fiscal 2025 Actions

Medicaid budget does not account for planned transfer from Rainy Day Fund	\$100.0
Increase Medicaid deficit assessment*	46.3
Fund DDA Costs from Waiting List Equity Fund*	15.0
Fiscal 2025 behavioral health surplus	9.0
Teacher Development and Retention Fund – align funds with actual experience	8.0
Substitute Opioid Restitution funds for general funds in MDH and DPSCS*	8.0
Allow Strategic Energy Investment Funds to be used for general expenses of the Air and Radiation Administration*	6.6
Use of MEMSOF for general operations in the Aviation Program in fiscal 2025 and 2026 only*	5.5
Fund swap in Office of Social Equity *	5.0
Fund Police Officer and Probation Agent Loan Assistance Repayment Program at \$200,000*	3.7
Fund Police Officer and Probation Agent Scholarship Program at \$200,000*	3.7
Fund 9-8-8 Crisis Hotline with special funds*	3.0
Better align fiscal 2025 Promise Scholarship funding with recent experience	3.0
Use Chesapeake and Atlantic Coastal Bays 2010 Trust Fund for DNR operating expenses*	2.6
Reduce fund for Tree Planting on Agricultural Land*	2.0
Fund swap using Securities Registration Act revenues to support OAG costs*	1.7
Align funds for Senior Care with actual experience	0.9
Reduce funds for Career Pathways for Healthcare Workers*	0.3
Align SBE Major IT Funds with cash flow needs for fiscal 2025	0.2
Reduce mandate for New Start Program to \$50,000*	0.2
Operating savings in the Maryland Department of Planning	0.03
Total	\$1,629.6

Special Fund Reductions

Fiscal 2026 Actions

Reduce funds for Consortium for Community Supports to \$40 million**	\$90.0
FAMLI Contingent on Deferral of Program**	66.8
Reduce spending for State Land Acquisition*	25.0
Reduce CRF for Medicaid as CRF is oversubscribed in budget. General funds are added to backfill the reduction	15.0
Increase estimate of vacant positions to 9.5% (current vacancies exceed 10%)	18.6
Reduce State Land Acquisition funds*	25.0
Fund Enough Act at \$15 million	22.9
No new appropriation to the Racing and Community Development Financing Fund	17.0
Reduce funding for Grow Your Own Educators Program to \$19.1 million	14.3
No Funds for Collaborative Learning Demonstration grants	9.0
Reduce funds and positions for Purple Line policing	6.6
Correct technical error in budget for Board of Nursing	6.0
Align funding for Teaching Fellow for Maryland Scholarship Program with actual experience	4.0
Eliminate annual payment to pension system that exceeds actuarially required amount*	3.5
Reduce funds for Maryland School Leadership Academy	3.2
No funds for Maryland 5 Star Equestrian Event at Fair Hill	2.5

	<u>House</u>
No Driver's Education grants*	2.0
Delete funds for new positions for Maryland Department of Transportation	1.1
No employee increments for Judiciary	1.6
Delete funds budgeted in error for MSP and 15 positions	1.0
Align MSP grants with experience	0.7
No State-Aided Institutions Field Trip Fund*	0.6
Vacancy savings for Workers' Compensation Commission	0.6
Delay Voter Registration and Election Administration Modernization IT Project as SBE has too many major IT projects underway to effectively manage	0.5
Delete overbudgeted funds for communication expenses in DHS	0.4
Operating savings at MDA	0.3
Align debt service for stadiums with expected costs	0.3
Delete 2 new positions for Public Service Commission	0.2
Delete 2 vacant positions in doit	0.2
Delete 13 new positions for MSDE	0.1
Operating Savings in the Maryland Energy Administration	0.1
Total	\$339.2

Fiscal 2025 Actions

Align funding for Teaching Fellow for Maryland Scholarship Program with actual experience	\$4.0
Delete overbudgeted funds for communication expenses in DHS	0.440

* Contingent on Budget Reconciliation and Financing Act (HB 352).

** Contingent on other legislation.

Proposed Budget Additions

General Fund Additions

	<u>House</u>
<u>Fiscal 2026 Additions</u>	
Restore funds for DDA Community Services	\$132.2
Disparity Grant – Increase the maximum amount of the uncapped grant a jurisdiction can receive from 75% to 90% (benefits Caroline, Dorchester, Prince George's, Somerset, and Wicomico counties)	17.1
Medicaid Provider reimbursements to backfill for oversubscribed CRFs	15.0
Grant to University of Maryland Enterprise Corporation for Quantum	10.0
Add administrative funds for Sun Bucks to correct program in DHS (technical)	4.7
Address pediatric overstay beds	3.0
Establish Department of Social and Economic Mobility (HB 1253) includes 9 positions	2.2
Grant to support Sail Baltimore's Sail 250	1.5
Grant to Schaefer Center for Public Policy	1.5
Additional operating support for OAG	1.5
Comptroller for staffing including 11 new positions	1.3
Grant to Maryland Coalition Against Sexual Assault for Rape Crisis Centers	1.0
Grant for Dredging in Baltimore Harbor	1.0
Grant to Maryland Center for History and Culture	1.0
Grant to UMCP for Judge Williams Center for Education, Justice, and Ethics Programs	0.5
Grant to College of Southern Maryland	0.3
Hagerstown Public Safety Project Feasibility Study (technical moving to correct program)	0.3

	<u>House</u>
Grant to Baltimore City Circuit Court for staffing	0.3
Grant to MEDCO for Economic and Land Use Study for Greater Bladensburg	0.2
OAG Ticket scalping enforcement	0.2
Grant to Hygea Healthcare	0.1

Fiscal 2025 Additions

Restore funds to DDA to maintain existing policies on reasonable and customary wage modifications, the utilization of dedicated hours, and the wage exception process	\$34.2
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Total General Fund Additions **\$229.1**

Special Fund Additions

Fiscal 2026 Additions

Fund Strategic Energy Investment Fund Eligible Capital Costs with Cash	\$27.0
Restore DDA Reductions with funds from Community Services Trust Fund	15.0
Fund SDAT operating costs with local funds not general funds*	10.0
Transportation grants to municipalities to improve access to the Purple Line	6.6
Fund School Resource Officers with available fund balance rather than general funds	5.0
Statewide Academic Health Centers to Level fund with fiscal 2025 (BRFA restores \$13 million)	2.0

Total Special Fund Additions **\$65.6**

Fiscal Note – Summary of the Fiscal 2026 Budget Bill – HB 350

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Higher Education Funds</u>	<u>Total Funds</u>
Governor's Allowance					
Fiscal 2025 Budget	\$27,412,286,232	\$13,005,134,456	\$20,227,182,544	\$5,890,819,571	\$66,535,422,803 ⁽¹⁾
Fiscal 2026 Budget	27,967,936,476	14,242,661,356 ⁽²⁾	19,633,990,180	6,056,068,626	67,900,656,638 ⁽³⁾
Supplemental Budget No. 1					
Fiscal 2025 Deficiencies	\$97,015,748	\$55,383,197 ⁽⁴⁾	\$224,822,845	\$0	\$377,221,790
Fiscal 2026 Budget	\$141,748,000	-17,330,239	125,236,478	0	249,654,239 ⁽⁵⁾
Subtotal	\$238,763,748	\$38,052,958	\$350,059,323	\$0	\$626,876,029
Budget Reconciliation and Financing Act of 2025					
Fiscal 2025 Contingent Reductions	-\$103,307,587	\$0	\$0	\$0	-103,307,587
Fiscal 2025 Contingent Appropriations	0	94,307,587	0	0	94,307,587
Fiscal 2026 Contingent Reductions	-420,835,359	-31,141,420	-16,366,457	0	-468,343,236
Fiscal 2026 Contingent Appropriations	0	443,992,697	105,660,000	0	549,652,697
Fiscal 2026 Contingent Addition	0	10,000,000	0	0	10,000,000
Subtotal	-\$524,142,946	\$517,158,864	\$89,293,543	\$0	\$82,309,461
Legislative Reductions					
Fiscal 2025 Deficiencies	-\$121,126,259	-\$4,440,096	\$0	\$0	-\$125,566,355
Fiscal 2026 Budget	-978,674,616	-283,103,047	-335,809,486	0	-1,597,587,149 ⁽⁶⁾
Total Reductions	-\$1,099,800,875	-\$287,543,143	-\$335,809,486	\$0	-\$1,723,153,504
Legislative Additions					
Fiscal 2025 Deficiencies	\$34,224,704	\$0	\$0	\$0	\$34,224,704
Fiscal 2026 Budget	\$194,875,019 ⁽⁷⁾	\$55,622,088	\$4,700,000	\$0	\$255,197,107
Total Additions	\$229,099,723	\$55,622,088	\$4,700,000	\$0	\$289,421,811
Appropriations					
Fiscal 2025 Budget	\$27,319,092,838	\$13,150,385,144	\$20,452,005,389	\$5,890,819,571	\$66,812,302,942
Fiscal 2026 Budget	26,905,049,520	14,420,701,435	19,517,410,715	6,056,068,626	66,899,230,296
Change	-\$414,043,318	\$1,270,316,291	-\$934,594,674	\$165,249,055	\$86,927,354

⁽¹⁾ Reflects \$3.07 billion in proposed deficiencies, including \$1.67 billion in general funds, \$191.4 million in special funds, \$1.2 million in federal funds, and \$3.7 million in current restricted funds. Assumes \$75.0 million in unspecified general fund reversions and includes \$160.2 million in targeted general fund reversions and \$25.7 million in assumed federal fund cancellations. Excludes \$72.1 million in special funds that double count general fund spending.

⁽²⁾ Excludes \$72.0 million of special funds that double counts general fund spending.

⁽³⁾ Includes \$20.3 million in general fund and \$187.9 million in special fund appropriations that are contingent on legislation. Assumes \$75.0 million in unspecified general fund reversions and \$5.7 million of planned reversions that are contingent on legislation.

⁽⁴⁾ Excludes \$2.95 million of special fund appropriations that double count general funds.

⁽⁵⁾ Includes \$37.3 million of general fund appropriations and \$100 million of special fund appropriations that are contingent on legislation. Excludes \$250,000 of special fund appropriations that double count general funds. Includes \$8.0 million of general fund appropriations that are contingently reduced in the Budget Reconciliation and Financing Act. Excludes \$14.8 million of general fund reductions, \$66.1 million of special fund reductions contingent on legislation, \$16 million of special fund appropriations, and \$14.9 million of federal fund reductions contingent on legislation.

⁽⁶⁾ Includes \$14.9 million of general fund reductions, \$156.8 million of special fund reductions, and \$14.9 million of federal fund reductions that are contingent on legislation.

⁽⁷⁾ Includes \$2.2 million that is contingent on legislation.

**Fiscal 2025 and 2026 General Fund and Other Budgetary Impacts
Contingent on the Budget Reconciliation and Financing Act (HB 352)**

House

General Fund Revenue Actions

Apply a sales tax on data/IT services with a tax rate of 3.0% with the funds directed to the General Fund	\$497.0
Personal Income Tax Reform – increasing the standard deduction, eliminating the standard deduction phase-in, establishing a phase-out of itemized deductions, and altering tax brackets to add new brackets for high-income earners	351.4
Changing the Child Tax Credit to phase out rather than having a cliff at \$15,000	-7.0
Personal Income Tax – add a 2% surcharge on capital gains income with 1.25% distributed to the General Fund	229.4
Set the Revenue Volatility Cap to \$0 through fiscal 2029	205.1
SEIF interest directed to the General Fund	65.0
Increase the tax rate on cannabis from 9% to 12%	39.1
Increase the tax rate on sports wagering from 15% to 20%	31.8
Divert \$25 million of transfer tax revenue annually from fiscal 2026 through 2029 proportionately from POS Land Acquisition, Rural Legacy Program, and Maryland Agricultural Land Preservation Program	25.0
Repeal the sales tax exemption for sales of photographic and artistic materials used in advertising	18.7
Lottery revenues from a reduction to the required distribution to Bus Rapid Transit	10.0
Apply a 6% sales tax to vending machine sales	9.1
One-time reduction in Student Loan Debt Relief Tax Credit	9.0
Accelerate the reduction in the Film Production Activity Tax Credit by one year	8.0
Repeal sales tax exemption for sales of precious metal coins or bullion over \$1,000 with an exemption for sales at Baltimore City Convention Center	2.5
Reduce the mandate for the Maryland E-Nnovation Initiative Program	2.5
Alter the distribution of lottery revenues to the Major Sports and Entertainment Events Fund	2.5
Repeal Driver Education in Public High Schools Grant Program and Fund	2.0
Payments from local jurisdictions for 50% of new settlements for erroneously confined individuals	1.5
Increase the Securities Act Registration Fee by \$15 of which \$5 goes to the General Fund	1.2
Repeal State-Aided Institution Field Trip Fund	0.6
MCA – Social Equity Partnership Grants	-5.0
Adopt waters edge combined reporting	
	\$1,499.4

Transfers to the General Fund

Local Income Tax Reserve Fund	\$307.9
MEA – SEIF Alternative Compliance Payments	230.0
DPA – PAYGO funds	113.9
DPA – Cybersecurity funds	63.5
DPA – State Center Move funding	20.0
Judiciary – Land Records Improvement Fund	20.0
Unemployment Reserve Fund for State Employees	20.0
MDH – Maternal and Child Health Population Improvement Fund	13.1
MDEM – Resilient Maryland Revolving Loan Fund	9.0
DPSCS – Police Training and Standards Commission Fund	7.0
DPA – End the Wait Funding	6.0
OAG – Mortgage Servicing Practices Settlement Fund	5.0
GOCP – Violence and Intervention Prevention Program Fund	4.9
Commerce – More Jobs for Marylanders Tax Credit Reserve Fund	4.3

House

MTROA - Interest earnings from the Racing and Community Development Financing Fund	3.0
Commerce – Innovation Investment Tax Credit	1.4
Maryland Used Tire Cleanup and Recycling Fund	1.0
	\$829.9

Contingent General Fund Reductions

*MDH – Increase the Medicaid Hospital Deficit Assessment	\$138.8
MSDE and MHEC – Alters the local share of teacher retirement and community college costs	97.7
DBM – Eliminate the mandate for Retirement Reinvestment	43.6
MDH Medicaid – Expand the allowable uses of certain Cigarette Restitution Funds in fiscal 2026 only	25.0
MSDE – Altering the mandate for the State share of the Nonpublic Placement program	25.0
*SDAT – Alter the cost share of SDAT operations with local jurisdictions from 50/50 to 90/10	21.2
DPSCS and MDH – Expand the allowable uses of Opioid Restitution Funds to allow funds to supplant, not just supplement, general fund appropriations in fiscal 2025 and 2026 only	15.4
*MDH – Remove the requirement that Waiting List Equity Funds not be used to supplant funds for emergency community placements and transitioning students, allowing for a broader use of the funds	15.0
MDH – Modify the Self-Directed Services program in DDA	14.5
Payments to Civil Divisions – Phase out Supplemental Retirement Grants to local jurisdictions that help offset the impact of sharing teachers’ retirement costs over two years	13.8
*DNR – Allow up to \$10.5 million from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used for operating expenses of the department	13.1
*MDE – Allow Strategic Energy Investment Funds to be used for general expenses of the Air and Radiation Administration	12.6
*DSP – Expand the use of MEMSOF for general operations in the Aviation Program in fiscal 2025 and 2026 only	11.0
*SDAT - Expand allowable uses of the Expedited Service Fund to support operations	10.0
*MCA – Allow the Cannabis Regulation and Enforcement Fund to be used to fulfill the mandate for the Social Equity Partnership Grant Program	10.0
*MDH – Allow for special fund balance for various health occupation boards to be used to support behavioral health services	9.5
MHEC – Reduce the mandate for the Police Officer and Probation Officer Loan Assistance Repayment Program to \$200,000	8.5
MHEC – Reduce the mandate for the Police Officer and Probation Officer Scholarship Program to \$200,000	8.2
DSCI – Reduce the target participation in the Young Adult Service Pathway program by 250 participants in fiscal 2026 and reduce the mandate for the Maryland Service Year Pathway by \$2.0 million	6.8
MSDE – Alter the mandate for Safe Schools Grant to be a mandate to the program rather than the fund	5.0
MDA – Reduce the mandate for tree planting on agricultural land to \$500,000 beginning in fiscal 2025	4.0
*OAG – Allow funds from the Securities Registration Act Fund to be used for general agency operations	3.4
*DBM Personnel – Expand the allowable uses of the Senior Prescription Drug Assistance Program to include depositing funds into Health Reimbursement Accounts for certain retirees	3.1
MDH – Eliminate the one-time mandate for the 9-8-8 Crisis Hotline due to the availability of special funds	3.0
MDH – Eliminate the mandate for the Maryland Patient Safety Center Fund	1.0
*Office of Correctional Ombudsman – Allow the Performance Incentive Grant Fund to be used for agency operations	1.0
GO CPP – Reduce mandate for Warrants and Absconding grants	1.0

House

MD Labor – Reduce the mandate for the Career Pathways for Healthcare Workers program	0.8
*MDE – Increase wetlands and waterways fees and mineral, oil, and gas fees	0.7
MDA – Eliminate the mandate for the Watermen's Microloan Program	0.5
*OAG – Require the Governor to meet the mandate for the Consumer Protection Division with special funds instead of general funds	0.4
MD Labor – Reduce the mandate for the Maryland New Start program to \$50,000	0.3
DNR – Eliminate the mandate for the Maryland Forestry Education Program	0.3
MD Labor – Reduce the mandate for the Construction Education and Innovation Fund	0.1
	\$524.1

Transportation Trust Fund Revenue Actions

Increase Vehicle Excise Tax to 6.8%	\$146.3
Personal Income Tax – Add a 2% surcharge on capital gains income, with 0.75% distributed to the Transportation Trust Fund	137.6
Double the fees for certificate of title	80.0
Accelerate Vehicle Registration Fee increase by one year	52.3
Repeal the exemption on the excise tax credit on short term vehicle rentals and establish a 3.5% excise rate	47.0
VEIP Fee – Increase to \$30	20.5
Alter the definition of historic vehicles to pre-1999 models	9.0
MVA Cost Recovery – Increase allowance to 115% of costs	6.2
	\$498.9

Other Special Fund Revenue Actions

MDH – Increase the Medicaid Hospital Deficit Assessment	\$150.0
MD Labor – Establish an administrative fee for Unemployment Insurance	33.0
SDAT – Alter the cost share of SDAT operations with local jurisdictions from 50/50 to 90/10	21.2
MDH – Establish a Maryland Primary Care Program Fund from an assessment on hospitals	16.0
MDE – Increase and establish various fees related to wetlands and waterways, sediment and erosion control training, voluntary cleanup, rental property lead registration fee, and mineral/oil/gas	7.0
Blueprint Revenue from repeal of sales tax exemptions and sports wagering tax increase	5.6
OAG – Securities Act Registration Fund	2.4
MDA – Increase and establish various fines and fees related to horse establishment licenses, wholesale seedsman permits, and weights and measures registration	1.1
Divert \$25 million of transfer tax revenue annually from fiscal 2026 through 2029 proportionately from POS Land Acquisition, Rural Legacy Program, and Maryland Agricultural Land Preservation Program	-25.0
	\$211.4

Contingent Special Fund Reductions

DNR PAYGO and MDA PAYGO – Divert transfer tax revenue from POS Land Acquisition, Rural Legacy Program, and Maryland Agricultural Land Preservation Program	\$25.0
DSCI – Reduce the target participation in the Young Adult Service Pathway program by 250 participants in fiscal 2026 and reduce the mandate for the Maryland Service Year Pathway by \$2.0 million	5.3
DBM – Eliminate the mandate for Retirement Reinvestment	3.5
MSDE – Eliminate the mandate for the Driver Education in Public High School Grants Program and Fund	2.0
MSDE – Eliminate the mandate for the State-Aided Institutions Field Trip Fund	0.6
	36.4

House

Contingent Special Fund Appropriations

MDOT – Increase in Transportation Revenue	\$206.1
MDH – Increase the Medicaid Hospital Deficit Assessment	150.0
MD Labor – Establish an administrative fee for Unemployment Insurance	33.0
SDAT – Alter the cost share of SDAT operations with local jurisdictions from 50/50 to 90/10	21.2
DNR – Authorize the use of Program Open Space State fund balance to be used for the Maryland Park Service in fiscal 2026 only	16.4
MDH – Establish a Maryland Primary Care Program Fund from an assessment on hospitals	16.0
DPSCS and MDH – Expand the allowable uses of Opioid Restitution Funds to allow funds to supplant, not just supplement, general fund appropriations in fiscal 2025 and 2026 only	15.4
MDH – Remove the requirement that Waiting List Equity Funds not be used to supplant funds for emergency community placements and transitioning students, allowing for a broader use of the funds	15.0
DNR – Allow funds from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to be used for operating expenses in the Chesapeake and Coastal Services Program	13.1
MDE – Allow the SEIF to be used for general expenses of the Air and Radiation Administration	12.6
DSP – Expands the use of MEMSOF for the Aviation Program	11.0
MCA – Allow the Cannabis Regulation and Enforcement Fund to be used to fulfill the mandate for the Social Equity Partnership Grant Program	10.0
MDE – Increase and establish various fees related to wetlands and waterways, sediment and erosion control training, voluntary cleanup, rental property lead registration fee, and mineral/oil/gas	6.5
MDH – Allow for special fund balance for various health occupation boards to be used to support behavioral health services	4.0
OAG – Allow funds from the Securities Registration Act Fund to be used for general agency operations	3.4
DBM Personnel – Expand the allowable uses of the Senior Prescription Drug Assistance Program to include depositing funds into Health Reimbursement Accounts for certain retirees	3.1
Office of Correctional Ombudsman – Allow the Performance Incentive Grant Fund to be used for agency operations	1.0
OAG – Require the Governor to meet the mandate for the Consumer Protection Division with special funds instead of general funds	0.4
DNR – Allow an additional \$100,000 from the Waterway Improvement Fund to support marine operations of the Natural Resources Police	0.1

\$538.3

Contingent Special Fund Addition

SDAT – Expand allowable uses of the Expedited Service Fund to support operations	\$10.0
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Contingent Federal Fund Reductions

MDH – Modifies the Self-Directed Services program in DDA	\$14.5
DBM – Eliminate the mandate for Retirement Reinvestment	1.9
	\$16.4

Contingent Federal Fund Appropriations

MDOT – Increases in Transportation Revenue	\$105.7
	\$105.7

*Associated special fund contingent appropriation or addition

House Appropriations Committee Actions on the Budget Reconciliation and Financing Act of 2025 (HB 352)

The Budget Reconciliation and Financing Act (BRFA), as amended¹ by the House Appropriations Committee (APP), accomplishes the following:

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>
Revenue Actions	\$1,499.4	\$710.3	
Transfers	829.9		
Reductions	524.1	36.4	16.4
Appropriations		538.3	105.7
Additions		10.0	

Note: Numbers in chart do not sum to total due to rounding

Technical Amendments: Purpose and function paragraphs and renumbering. (p. 1-12, 171-173, 175, 176)

1

Sets certain procedures for renewing or reinstating horse establishment licenses, adds a grace period for renewing licenses retroactively, and establishes a reinstatement fee after the grace period. (p. 12-13)

Increases various fees related to plant nurseries including inspection, certification, and broker/dealer license fees. (p. 13-15)

2

Establishes various administrative penalties for beekeepers, including for failing to register a bee colony and failing to provide movable frames for a bee colony. (p. 15-16)

Reduces the amount that the Governor must provide for tree planting on agricultural land in fiscal 2025 through 2031 from \$2.5 million to \$500,000 annually. (p. 16-17)

Alters the administrative penalty provisions that apply for failing to file a summary nutrient management plan or annual implementation report. Under current law, penalties are \$100 to not less than \$1,000, depending on the lateness; the provision would increase them to at least \$1,000 and not more than \$2,000. (p. 17-18)

¹ Provisions added or amended in whole or in part, except by a technical amendment, are noted in *italics*.

Increases the annual wholesale seedsman permit fee from \$100 to \$125. (p. 18)

Strikes a provision that would have eliminated the requirement that the Governor provide \$150,000 annually for a Native Plant Specialist at the University of Maryland Extension and \$100,000 annually for the Maryland Department of Agriculture to administer the Native Plants Program. (p.18-19)

3

Repeals the registration fee schedule for weights and measures used for commercial purposes in statute, authorizes the Secretary of Agriculture to set reasonable fees, requires the Secretary to send renewal notices at least one month before a registration expires, and provides a 60-day grace period for renewing a registration after it expires and a late fee after that grace period. (p. 19-20)

Requires, beginning in fiscal 2025 and thereafter, that the \$5 million that the Governor is required to provide annually for the Social Equity Partnership Grant Program be met with funds from the Cannabis Regulation and Enforcement Fund and expands the allowable uses of the fund. (p. 21)

Requires, beginning in fiscal 2026, the Governor to use special rather than general funds to meet the \$350,000 annual appropriation required for the Office of the Attorney General to enforce consumer protection laws. (p. 21-22)

Authorizes, for fiscal 2026 and 2027 only, up to \$11 million of the Expedited Service fund to be used for operating costs of SDAT. (p. 22-23)

4

Expands the allowable uses of the Securities Act Registration Fund to support operational costs of the Office of the Attorney General. (p. 23-24)

Increases fees for initial securities registration and renewals by \$15 and increases the amount going to the Securities Act Registration Fund by \$10. (p.24)

5

Strikes a provision that would have altered the funding that the Governor is required to provide for services to victims of crime through the Governor's Office of Crime Prevention and Policy to a \$35 million general fund mandate instead of requiring an amount that totals an aggregate \$60 million when combined with the amount received under the federal Victims of Crime Act in the prior year. (p. 24-25)

6

Eliminates the requirement that the Governor provide \$500,000 for the Maryland Watermen's Microloan program in fiscal 2026. (p. 25)

Strikes a provision that would have phased out the requirement that the Governor provide \$1 million for the Tri-County Council for Southern Maryland

7

from the Cigarette Restitution Fund (CRF) over four years, reducing it by \$250,000 per year beginning in fiscal 2026. (p. 25-26)

Repeals the required distribution from the uninsured motorist penalty for the Driver Education in Public High Schools Fund, allowing more of the penalty revenue to be distributed to the General Fund. (p. 26-27, 119-122)

Strikes a provision that would have reduced the amount that the Governor must provide for the Consortium on Coordinated Community Supports from the Blueprint for Maryland's Future Fund from \$130 million to \$40 million beginning in fiscal 2026, as this action is included in HB 504 as passed by the House. (p.27)

8

Repeals the required distribution from the uninsured motorist penalty for the State-aided Institutions Field Trip Fund, allowing more of the penalty revenue to be distributed to the General Fund. (p. 27-28, 119-122)

Alters the requirement for the Governor to provide \$10 million annually for grants for school resource officers or other local law enforcement coverage at public schools rather than to the Safe Schools Fund. (p. 28)

Adds a technical amendment related to the alteration in the School Resource Officers mandate. (p. 28-29)

9

Reduces the State share of the cost of educating a child with disabilities in a nonpublic placement program by increasing over two years the additional amount above 200% of the basic cost of education that local education agencies must provide from 30% under current law to 40% in fiscal 2026 and 50% in fiscal 2027 and each year thereafter. (p. 29-30)

Strikes a provision that would have eliminated the requirement that St. Mary's College of Maryland receive an annual appropriation based on a funding formula beginning in fiscal 2026. (p. 30-31)

10

Strikes a provision that would have specified that the total State operating funds for Baltimore City Community College in fiscal 2026 would be \$44,734,265, which would have the effect of setting a new hold harmless level that is provided when the formula would otherwise provide a lower level than the prior year. (p. 31-34)

11

Reduces the mandated appropriation for the Community College Promise Scholarship program from \$15 million to \$12 million. (p. 34)

12

Reduces the amount that the Governor must provide for the Maryland Loan Assistance Repayment Program for Police Officers and Probation Agents from \$5 million to \$200,000 annually. (p. 34)

Reduces the amount that the Governor must provide for the Maryland Police Officers and Probation Agents Scholarship Program from \$5 million to \$200,000 annually and repeals a requirement that certain amounts of the funding be provided for scholarships to existing officers or agents and certain amounts to students interested in becoming officers or agents. (p. 34-35)

Authorizes the Maryland Department of the Environment (MDE) to establish by regulation fees for processing and issuing certification of training, specifies that the certification fee must be approximately equal to the cost of processing and issuing certifications, and specifies that fees collected shall be deposited into the Maryland Clean Water Fund. (p. 35-36)

Increases existing fees under the Wetlands and Waterways Program, establishes new application fees for activities proposed in a Tier II High Quality Watershed and authorizes MDE to adjust fees for inflation. (p. 36-40)

Alters and increases the registration fee for each rental dwelling unit paid by owners of affected property under the Reduction of Lead Risk in Housing statute, authorizes MDE to establish a protocol to stagger the registrations of affected properties, and increases the processing fee for owners that must submit a certification that the rental dwelling unit is lead free. (p. 40-41)

Increases the initial application fee for the Voluntary Cleanup Program and requires applicants to pay for additional direct costs incurred by MDE if the direct costs of review of the application and administration and oversight of the response action plan exceed the application fee. (p. 41-43)

Sets the tire cleanup fee at \$1, authorizes it to be increased by inflation, increases the maximum fee to \$2, and changes the agency responsible for the fee from the Board of Public Works to MDE. (p. 43-45)

Increases and alters certain license and permit fees related to surface mining that accrue to the Surface Mined Land Reclamation Fund. (p. 45-51)

Authorizes the Maryland Department of Planning to use an additional \$340,000 of the \$6 million in Program Open Space (POS) funds that it receives for the Maryland Heritage Areas Authority program for operating expenses in fiscal 2026 only. (p. 51)

Removes a prohibition on the Developmental Disabilities Administration (DDA) establishing a limit on the maximum dollar amount of individual-directed and family-directed goods and services provided to a recipient under the Community Services Program. (p. 51-53)

Alters allowable uses of the Waiting List Equity Fund to remove a prohibition on using the fund to supplant other funds for emergency community placements or transitioning students. (p. 52)

Alters the level of the cap that DDA is authorized to establish for the Low Intensity Support Services Program to no less than \$500, instead of no less than \$2,000, per fiscal year per qualifying individual for services. (p. 53-54)

14

Authorizes, rather than requires, funds provided to core service agencies, local addiction authorities, local behavioral health authorities, or community providers that are unexpended at the end of a fiscal year to remain with those entities. (p. 54-55)

15

Strikes a provision that would have repealed the requirement that the Governor provide \$13 million in annual mandated funding for Statewide Academic Health Center Cancer Research grants from the CRF. (p. 55-56)

16

Makes technical corrections to a provision to establish a Medicaid Primary Care Program Fund and clarifies that hospital payments are from a specified source of assessment. (p. 56-57)

17

Expands the allowable uses of the Senior Prescription Drug Assistance Program to include depositing funds into the health reimbursement accounts of certain State retirees enrolled in Medicare Part D. (p. 57-58)

18

Repeals the requirement that the Governor provide \$1 million annually for the Maryland Patient Safety Center Fund. (p. 58)

Authorizes the use of funds from the Community Services Trust Fund for provider reimbursements under the DDA Community Services Program for fiscal 2026 only. (p. 58-59)

19

Modifies eligible uses of the Board of Nursing Fund to remove a prohibition on the use of these funds for infrastructure operations. This prohibition under current law extends only through fiscal 2025. (p. 59)

20

Authorizes the Governor to use general obligation bond funding to satisfy the requirement that \$50 million be provided annually for the Continuing the CORE Partnership Fund. (p. 59-60)

Limits the restoration of cash assistance and Supplemental Nutrition Assistance Program benefits lost due to Electronic Benefits Transfer theft to be based on funds available in the budget beginning in fiscal 2025 rather than requiring restoration of any eligible claim. (p. 60-63)

21

Strikes a provision that would have reduced the amount that the Governor must provide for the Long-term Care and Dementia Care Navigation program from \$2.4 million to \$1.2 million beginning in fiscal 2025. (p. 63)

22

Modifies a provision to apply an administrative fee of 0.15% to all taxable employers beginning January 1, 2026; authorizes the fee revenue to be used for certain administrative expenses; and reduces the unemployment insurance tax rate assigned to each taxable employer by 0.15%. The modification clarifies the eligible uses of the new fee. (p. 63-68)

23

Modifies a provision that would have reduced the amount that the Governor must provide for the Maryland New Start Grant program in the Maryland Department of Labor (MD Labor) from \$200,000 to \$50,000 to begin in fiscal 2025 instead of fiscal 2026. (p. 68-69)

24

Reduces the amount that the Governor must provide for the Construction Education and Innovation Fund from \$625,000 to \$531,250 beginning in fiscal 2025. (p. 69)

Modifies a provision that would have reduced the amount that the Governor must provide for the Career Pathways for Health Care Workers program from \$1 million to \$500,000 to begin in fiscal 2025 instead of fiscal 2026. (p. 69)

25

Phases out over two years the general funds mandated for the Teacher Retirement Supplemental Grants to Allegany, Baltimore, Caroline, Dorchester, Garrett, Prince George's, Somerset, and Wicomico counties and Baltimore City beginning in fiscal 2026. (p. 70-71, 171)

Increases the cap on the amount of funds that Maryland Environmental Service may retain in the Eastern Correctional Institution Turbine Project Contingency Fund from \$1.5 million to \$5.0 million and increases the cap on the Reimbursable Project Contingency Fund from \$1 million to \$3 million. (p. 71-72)

Redirects \$25 million in transfer tax revenues to the General Fund each year for fiscal 2026 through 2029 that would otherwise be distributed to land preservation programs and requires the reduction to be made proportionately among POS land acquisition, the Maryland Agricultural Land Preservation Program, and the Rural Legacy Program. (p. 72-73, 106-108)

26

Eliminates the requirement that the Governor provide \$250,000 annually for the Maryland Forestry Education Fund. (p. 73)

Expands the allowable uses of the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund to support up to \$10.5 million of Department of Natural Resources (DNR) operating expenses in the annual budget bill. (p. 73-75)

Increases the allowed amount of funds from the Waterway Improvement Fund that may be allocated annually to support marine operations of the Natural Resources Police from \$2 million to \$2.1 million beginning in fiscal 2026. (p. 75-76)

Reduces the amount of funds that the Governor must provide for local law enforcement agencies to be used as grants for warrant apprehension efforts from \$2 million to \$1 million; the requirement ends after fiscal 2026 under current law. (p. 76)

Strikes a provision that would have repealed the requirement that, for fiscal 2026 through 2028, the Governor provide \$100,000 each to the designated organizations for Montgomery and Prince George's counties to be used for a Rent Court Workforce Solutions Pilot program. (p. 76-77)

27

Repeals the requirement that the Governor set aside at least 20% of the amount included in the Governor's allowance and appropriation to the Information Technology Investment Fund for expedited projects each fiscal year. (p. 77-79)

Sets the maximum amount of projected nonwithholding income tax revenue that must, under certain circumstances, be subtracted from the projected general fund estimate to \$0 through fiscal 2029. (p. 79-80)

Modifies a provision that would have permanently eliminated the requirement that the Governor specify how expenditure reductions to be applied across multiple agencies will be achieved and provide a schedule allocating the reduction for each agency to waive that requirement in fiscal 2026 only. (p.-80-81)

28

Suspends, for fiscal 2026 only, the requirement to appropriate general fund surplus to the Rainy Day Fund and permanently eliminates requirements to include appropriations to the State Retirement and Pension System and Postretirement Health Benefits Trust Fund based on general fund surplus in the second preceding year. (p. 81-83)

Waives, for fiscal 2026 only, the requirement that at least 30% of funds from the CRF be used for Medicaid. (p. 83)

29

Authorizes the use of funds received from litigation related to the CRF to support Medicaid expenses in fiscal 2026 only. (p. 84)

Strikes a provision that would have eliminated the requirement that the Governor provide funding to the Maryland State Arts Council beyond fiscal 2025, under current law that funding is required to be based on the prior year appropriation and the annual general fund growth. (p. 84-85)

30

Expands the allowable uses of the Mortgage Loan Servicing Practices Settlement Fund to include legal assistance related to eviction. (p. 85)

31

Eliminates, for fiscal 2025 and 2026 only, the requirement that Opioid Restitution Funds be supplemental to and not supplant funds otherwise provided for programs and services. (p. 85-86)

32

Requires that local governments be responsible for 50% of any payments owed to any individual for any new erroneous conviction settlement entered into by the Board of Public Works beginning in fiscal 2026. (p. 86-88)

33

Reduces the required distribution from the State Lottery Fund to the Major Sports and Entertainment Event Program Fund from an amount necessary to bring the fund balance to \$10 million to an amount necessary to restore the fund balance to \$7.5 million in fiscal 2026, and then to \$5 million beginning in fiscal 2027. (p. 89-91)

34

Reduces the statutory distribution of lottery revenues to the Montgomery County Bus Rapid Transit by \$10 million annually and mandates \$10 million from the Transportation Trust Fund (TTF) for this purpose to maintain the grant at \$27 million annually. (p. 89-92, 111)

Strikes a provision that would have increased the tax rate on casino table games from 20% to 25% and specified that the additional revenues go to the General Fund through fiscal 2027 and the Blueprint for Maryland's Future Fund (Blueprint) beginning in fiscal 2028. (p. 92-93)

35

Modifies a provision increasing the tax rate on mobile sports wagering by increasing the rate from 15% to 20%, instead of 30%, and specifying that additional revenues will go to the General Fund permanently, instead of going to the Blueprint beginning in fiscal 2028. (p. 93)

36

Repeals the authorization for the Strategic Energy Investment Fund (SEIF) to hold interest and investment earnings and removes the fund from the list of special funds exempted from having the interest and investment earnings being directed to the General Fund through fiscal 2028 and authorizes a transfer of interest and investment earnings from fiscal 2025 to the General Fund. (p. 94)

Expands the allowable uses of the SEIF to include costs associated with the Air and Radiation Administration within MDE. (p. 94-95, 171)

Authorizes, beginning in fiscal 2026, the use of up to \$1 million annually of the Performance Incentive Grant Fund to support the operations of the Office of the Correctional Ombudsman. (p. 96-97)

Reduces the amount that the Governor must provide for the Maryland Service Year Pathway from \$15 million to \$13 million in fiscal 2026 only, reduces the participation target for the Young Adult Service Year program by 500 in fiscal 2027, and establishes participation targets for fiscal 2026 and 2028. (p.97-99)

Modifies with technical amendments, including related to the timing of payments, a provision to reduce by \$97.7 million, beginning in fiscal 2026, the State share of annual employer pension contributions for members of the Teachers' Retirement System and Teachers' Pension System (TRS/TPS) employed by local school systems and community colleges. (p. 99-103)

37

Repeals, beginning in fiscal 2026, the \$50.0 million annual supplemental contribution to the State Retirement and Pension System that is required to be paid until the system's funding ratio reaches 85%. (p. 102-103)

Caps, beginning in fiscal 2026, the amount of revenue attributable to a 20% tax rate from the admissions and amusement tax on electronic bingo and electronic tip jars distributed to the Maryland E-Innovation Initiative Fund at \$8.5 million and requires the remaining revenue from the 20% tax rate to be distributed to the General Fund. (p. 103-105)

Modifies a provision that requires the Comptroller to distribute \$230 million from the Local Income Tax Reserve Account to the General Fund in fiscal 2025 and requires repayment of \$23 million in each year between fiscal 2029 and 2038 to add a transfer of \$40.6 million in fiscal 2026 and increase the amount of the annual repayment to \$27.1 million. (p. 105-106)

38

Requires a distribution of \$37.3 million from the Local Income Tax Reserve Account to the MD Labor Division of Paid Leave and requires the department to reimburse the account within two years of the beginning of contributions in the Family and Medical Leave Insurance Fund. (p. 105)

Eliminates the requirement that operating expenses in the TTF Forecast, for years beyond the budget year, be increased by the five-year average annual increase in developing departmental operating expense estimates and limiting the year-to-year variation in the rate compared to the prior forecast. (p. 108-109)

Increases the debt outstanding limit on consolidated transportation bonds from \$4.5 billion to \$5 billion. (p. 109-110)

Expands the types of projects that the Maryland Department of Transportation may fund using proceeds from bonds backed by future federal aid to include major light rail rehabilitation, including replacing light rail vehicles and related station and maintenance facility improvements. (p. 110-111)

Delays from 2027 to 2032 the requirement for the Maryland Transit Administration to purchase only zero-emission buses and clarifies language in statute authorizing the use of certain bonds to pay for buses in addition to TTF revenues. (p. 111)

Authorizes the Motor Vehicle Administration (MVA) to increase the level of miscellaneous fees related to titling, vehicle certifications, and vehicle registrations to up to 115% rather than 100% of certain MVA costs. (p. 111-112)

Strikes a provision that would have disallowed, beginning June 1, 2025, the trade-in allowance under the vehicle excise tax if the purchase price of the vehicle exceeds \$15,000. (p. 112-115)

39

Strikes a provision that would have required MVA to collect a reasonable installment fee for individuals that use vehicle registration payment plans. (p.115)

40

Accelerates by one year, from fiscal 2027 to fiscal 2026, the vehicle registration fee increases for certain classes of vehicles. (p. 115-118)

Expands the allowable uses of Maryland Emergency Medical Systems Operations Fund (MEMSOF) funds, in fiscal 2025 and 2026 only, to include supporting the operations of the Maryland State Police Aviation Command. (p.118)

Strikes a provision that would have imposed a retail delivery fee of \$0.75 per transaction, beginning June 1, 2025, on certain retail deliveries that are subject to the State sales and use tax. (p. 122-127)

41

Authorizes MVA to increase the fee for testing for the Vehicle Emissions Inspection Program from \$14 to \$30 beginning in fiscal 2026 and indexes future fees to increases in the Consumer Price Index. (p. 127-128)

Strikes a provision that would have reduced the estate tax exemption from \$5 million to \$2 million and repealed the inheritance tax. (p. 128-132, 171, 175-176)

42

Limits the aggregate amount of film production activity tax credits that may be awarded in each fiscal year to \$12 million beginning in fiscal 2026 rather than beginning in fiscal 2027. (p. 132-134)

43

Reduces the cap on student loan debt relief tax credits that the Maryland Higher Education Commission may provide from \$18 million to \$9 million in tax year 2025 only and requires the commission to submit a report on recommendations to better target the allocation of tax credits under the program. (p. 134-136)

Modifies a provision that would have required, beginning in fiscal 2026, a reversion to the General Fund of any excess resulting from the appropriation to the More Jobs for Marylanders Tax Credit Reserve Fund exceeding the final tax credit certificates issued to instead require the amount of the initial tax credit to be transferred to the General Fund upon notification of the certification of the final credit. In addition, the provision authorizes a transfer of \$4.3 million from the fund in fiscal 2025. (p. 136-138, 173)

44

Increases, beginning in fiscal 2026, the local cost share amount from 50% to 90% that each county government and Baltimore City is required to pay the State Department of Assessments and Taxation for the costs of real property valuation, business personal property valuation, and information technology. (p. 138-139)

Strikes a provision that would have phased out the enterprise zone property tax credit by prohibiting new properties from qualifying or being awarded tax credits after fiscal 2025 and repealed the enterprise zone income tax credit. (p. 139-141, 171)

45

Adopts provisions that:

- *increase the minimum amount Montgomery County would receive from the Bus Rapid Transit Fund in the event there are two eligible grantees (p. 141);*
- *strengthen the bondability of funds received through the Bus Rapid Transit Fund (p. 141-142);*
- *provide that revenue attributable to the increased vehicle excise taxes are not distributed to highway user revenues (p. 142-143);*
- *double fees for certificates of title (p. 143-144);*
- *increase the vehicle excise tax (p. 144);*
- *repeal the exemption from the vehicle excise tax for short-term rentals and establish an excise tax of 3.5% (p. 144-145); and*
- *alter the definition of a historic motor vehicle to 1999 models or older rather than at least 20 years old. (p. 145-146, 175)*

46

Modifies a provision on the capital gains tax to establish a new 2% surcharge on capital gains for individuals with federal adjusted gross incomes in excess of \$350,000 with 1.25% to the General Fund and 0.75% to the TTF. (p. 105, 146-147, 149-151)

47

Closes a loophole for captive insurance companies that do not pay a premium tax but are exempt from the corporate income tax. (p. 147-148)

48

Modifies a provision to alter individual income tax rates to remove a consolidation of the four lowest income tax brackets. (p. 148-149)

49

Strikes a provision that would have reduced the corporate income tax rate beginning in tax year 2027. (p. 151)

50

Increases the maximum allowable local income tax rate from 3.2% to 3.3%. (p. 151)

51

Modifies deductions by:

- *repealing the phase-in of the standard deduction;*
- *increasing the standard deduction by 20%, to \$3,350 for individuals and \$6,700 for joint filers for tax year 2025, rather than doubling the deduction; and*
- *phasing out itemized deductions for filers with federal adjusted gross incomes above \$200,000 by applying a 7.5% phase-out factor. (p. 151-154)*

52

Modifies a provision that establishes a phase-out of the child tax credit rather than having a cliff at \$15,000 to clarify the definition of a qualified child. (p. 154-155).

53

Modifies a provision to increase the tax rate on cannabis sales from 9% to 12%, instead of 15%, and provides that 25%, rather than 40%, of the revenues shall be distributed to the General Fund. (p. 155-156, 159)

54

Establishes a 3% sales tax on data and information technology services and distributes the revenue to the General Fund. (p.156-159, 161)

Applies a 6% sales and use tax to vending machine sales. (p. 159-160)

Repeals the sales tax exemption for sales of precious metal coins or bullion over \$1,000, with an exception for events held at the Baltimore City Convention Center. (p.160)

55

Repeals the sales tax exemption for the sale of artistic and photographic material for use in advertisements. (p. 160-161)

Modifies a provision on the corporate income tax to require companies to use water's edge combined reporting to correct a drafting error. (p. 162-169)

56

Increases the required Medicaid Deficit Assessment imposed on hospitals over two years from \$294,825,000 to \$344,825,000 in fiscal 2025 and \$394,825,000 in fiscal 2026 and thereafter and authorizes the adoption of an alternative method to achieve equivalent revenue. (p. 169-170)

Repeals the requirement that the Governor provide, in fiscal 2025 only, \$12 million for the 9-8-8 Trust Fund. (p. 170)

Repeals the requirement that the Maryland Department of Health (MDH) apply to the Substance Abuse and Mental Health Services Administration for federal planning, development, and implementation grant funds related to certified community behavioral health clinics for fiscal 2025 and for inclusion in the demonstration program for fiscal 2026. (p. 170-171)

Increases a transfer authorized in Chapter 717 of 2024 from the unemployment insurance reserve fund for State employees from \$60 million to \$80 million, to occur on or before June 30, 2025. (p. 171)

57

Strikes a provision that would have eliminated the requirement that the Governor provide at least the amount of prior year appropriation for the Maryland Public Broadcasting Commission increased by general fund growth and the requirement that the Governor provide an additional amount based on lower receipts of specific federal grants. (p. 171)

58

Strikes a provision that would have repealed the Low Intensity Support Services Program in DDA. (p. 171)

59

Authorizes a transfer of \$203,365,000 from the Dedicated Purpose Account to the General Fund on or before June 30, 2025, including \$63,478,440 for cybersecurity, \$62,887,000 of pay-as-you-go (PAYGO) for a new veterans home, \$25 million of PAYGO for the University of Maryland Medical System Comprehensive Cancer and Organ Transplant Center, \$20 million for State Center relocation, \$11 million of PAYGO for DNR Critical Maintenance, \$10 million for PAYGO for Morgan State University for deferred maintenance and site improvements, \$6 million for End the Wait Act implementation, and \$5 million for Baltimore City Community College deferred maintenance. (p. 172)

Modifies a provision that would have authorized the transfer of \$150 million from the Renewable Portfolio Standard/Alternative Compliance Payments Account of the SEIF to the General Fund on or before June 30, 2025, to increase the authorized transfer amount to \$230 million. (p. 172)

60

Authorizes the transfer of \$9 million from the Resilient Maryland Revolving Loan Fund to the General Fund on or before June 30, 2025. (p. 172)

Authorizes the transfer of \$7 million from the Maryland Police Training and Standards Commission Fund to the General Fund on or before June 30, 2026. (p. 172)

Authorizes the transfer of \$6 million from the Maryland Innovation Investment Tax Credit Reserve Fund to the General Fund on or before June 30, 2025. (p. 172)

Modifies a provision that would have authorized a transfer of \$5 million from the Securities Act Registration Fund to the General Fund in fiscal 2025 to instead transfer the same amount from the Mortgage Loan Servicing Practices Settlement Fund. (p. 173)

61

Authorizes the transfer of \$4.9 million from the Maryland Violence Intervention and Prevention Program Fund to the General Fund on or before June 30, 2025. (p. 173)

Strikes a provision that would have authorized a transfer of \$4 million from the Rape Kit Testing Grant Fund to the General Fund on or before June 30, 2025. (p. 173)

62

Strikes a provision that would have authorized MDH to transfer funds among programs within the department with an approved budget amendment for fiscal 2025 and 2026. (p. 173)

63

Authorizes, in fiscal 2026 only, the use of up to \$16.4 million from POS land acquisition balance for operating expenses in DNR Maryland Park Service. (p. 173)

Modifies a provision that would have authorized a transfer of \$10 million from the Maternal and Child Health Population Health Improvement Fund to the General Fund on or before June 30, 2026, to increase the authorized transfer amount to \$13.1 million. (p. 173)

64

Modifies a provision that would have authorized a transfer of a total of \$4,017,728 from a total of nine health occupation boards fund balances to the Behavioral Health Administration to increase the authorized transfer amount to \$9,489,874, alter the boards from which funds are transferred, and alter the amount transferred from some boards. (p. 173-174)

65

Authorizes a transfer of \$20 million from the Land Records Improvement Fund to the General Fund on or before June 30, 2026. (p. 174)

66

Authorizes a transfer of \$1 million from the Used Tire Cleanup and Recycling Fund to the General Fund. (p. 174)

67

Transfers \$3 million in interest earnings from the Racing and Community Development Financing Fund to the General Fund in fiscal 2026. (p. 174-175)

68, 70

Authorizes a transfer from the Rainy Day Fund to the Annuity Bond Fund through a budget amendment, if needed, to ensure that there is sufficient funding in the Annuity Bond Fund to pay debt service. (p. 174)

69

Prohibits in fiscal 2026 the Interagency Rates Committee (IRC) from increasing the rates for providers over the rate in effect on January 1, 2025, for payments to providers with rates set by the IRC. (p. 175)

71

State Expenditures – General Funds
Fiscal 2024-2026
(\$ in Millions)

Category	2025	2026	Appropriations	Appropriations	Appropriations	\$ Change	% Change
	Working	2026	2026	2026	2026		
	Appropriation	Allowance	Reductions ⁽¹⁾	Additions	Appropriation	2025 to 2026	
Debt Service	\$397.1	\$181.7	-\$27.0	\$0.0	\$154.7	-\$242.4	-61.0%
County/Municipal	\$415.6	\$388.6	-\$14.8	\$17.4	\$391.2	-\$24.4	-5.9%
Community Colleges	477.6	509.0	-6.2	0.3	503.1	25.5	5.3%
Education/Libraries	7,383.8	7,592.0	-161.1	0.0	7,430.9	47.1	0.6%
Health	111.2	117.0	-2.0	0.0	115.0	3.8	3.4%
Aid to Local Governments	\$8,388.2	\$8,606.7	-\$184.1	\$17.7	\$8,440.2	\$52.0	0.6%
Foster Care Payments	\$279.0	\$320.6	\$0.0	\$0.0	\$320.6	\$41.6	14.9%
Assistance Payments	136.4	153.1	-7.6	0.0	145.6	9.2	6.8%
Medical Assistance	5,281.5	5,651.0	-178.8	15.0	5,487.2	205.6	3.9%
Property Tax Credits	96.0	87.1	0.0	0.0	87.1	-8.9	-9.2%
Entitlements	\$5,792.9	\$6,211.8	-\$186.3	\$15.0	\$6,040.5	\$247.6	4.3%
Health	\$3,130.2	\$3,091.5	-\$40.4	\$135.3	\$3,186.4	\$56.2	1.8%
Human Services	513.3	546.0	0.0	4.7	550.6	37.3	7.3%
Juvenile Services	340.9	359.4	0.0	0.0	359.4	18.5	5.4%
Public Safety/Police	2,122.2	2,227.9	-12.2	0.0	2,215.7	93.5	4.4%
Higher Education	2,277.9	2,330.7	0.0	12.0	2,342.7	64.7	2.8%
Transportation	196.9	0.0	0.0	1.0	1.0	-195.9	-99.5%
Other Education	1,037.5	1,030.3	-12.5	1.5	1,019.2	-18.2	-1.8%
Agriculture/Natural Res./Environment	210.9	228.4	-20.4	0.0	208.0	-2.9	-1.4%
Other Executive Agencies	1,707.3	1,883.7	-379.8	7.2	1,511.0	-196.3	-11.5%
Judiciary	689.6	722.0	-8.0	0.3	714.3	24.7	3.6%
Legislative	160.8	165.3	0.0	0.0	165.3	4.6	2.8%
Across-the-board Cuts	0.0	0.0	0.0	0.0	0.0	0.0	n/a
State Agencies	\$12,387.5	\$12,585.2	-\$473.4	\$162.0	\$12,273.8	-\$113.7	-0.9%
Deficiencies (for prior years)	\$267.6	\$0.0	\$0.0	\$0.0	\$0.0	-\$267.6	-100.0%
Total Operating	\$27,233.3	\$27,585.4	-\$870.9	\$194.7	\$26,909.2	-\$324.1	-1.2%
Capital	\$158.3	\$94.4	-\$50.0	\$0.0	\$44.4	-\$113.9	-72.0%
Subtotal	\$27,391.6	\$27,679.7	-\$920.9	\$194.7	\$26,953.5	-\$438.0	-1.6%
Reserve Funds	\$2.5	\$495.8	-\$469.5	\$0.2	\$26.5	\$24.0	960.0%
Appropriations	\$27,394.1	\$28,175.5	-\$1,390.4	\$194.9	\$26,980.0	-\$414.0	-1.5%
Reversions	-\$75.0	-\$75.0	\$0.0	\$0.0	-\$75.0	\$0.0	0.0%
Grand Total	\$27,319.1	\$28,100.5	-\$1,390.4	\$194.9	\$26,905.0	-\$414.0	-1.5%

⁽¹⁾ Appropriations Committee reductions include \$395.9 million contingent on legislation. In addition, the allowance includes a \$14.8 million reduction from the supplemental budget that is contingent on legislation.

Note: The fiscal 2025 working appropriation reflects \$1.8 billion in deficiencies and supplemental deficiencies and \$86.9 million in Appropriations Committee cuts to the deficiencies plus \$237.7 million in reversions including \$162.7 million in targeted reversions. It also reflects legislative additions of \$34.2 million.

State Expenditures – State Funds
Fiscal 2024-2026
(\$ in Millions)

Category	2025	2026	Appropriations	Appropriations	Appropriations	\$ Change	% Change
	Working	2026	2026	2026	2026		
	Appropriation	Allowance	Reductions ⁽¹⁾	Additions	Appropriation	2025 to 2026	
Debt Service	\$1,954.0	\$1,863.3	-\$27.0	\$0.0	\$1,836.3	-\$117.7	-6.0%
County/Municipal	\$1,011.1	\$1,042.2	-\$15.5	\$24.0	\$1,050.7	\$39.6	3.9%
Community Colleges	477.6	509.0	-6.2	0.3	503.1	25.5	5.3%
Education/Libraries	9,190.8	10,029.9	-177.1	5.0	9,857.8	667.0	7.3%
Health	111.2	117.0	-2.0	0.0	115.0	3.8	3.4%
Aid to Local Governments	\$10,790.7	\$11,698.1	-\$200.8	\$29.3	\$11,526.7	\$736.0	6.8%
Foster Care Payments	\$281.7	\$324.1	\$0.0	\$0.0	\$324.1	\$42.4	15.0%
Assistance Payments	142.5	159.6	-7.6	0.0	152.0	9.5	6.6%
Medical Assistance	6,074.8	6,528.6	-193.8	15.0	6,349.8	275.0	4.5%
Property Tax Credits	96.0	87.1	0.0	0.0	87.1	-8.9	-9.2%
Entitlements	\$6,595.1	\$7,099.4	-\$201.3	\$15.0	\$6,913.0	\$318.0	4.8%
Health	\$3,889.9	\$3,937.4	-\$136.5	\$152.3	\$3,953.2	\$63.4	1.6%
Human Services	677.6	765.8	-0.5	4.7	770.0	92.4	13.6%
Juvenile Services	344.3	362.9	0.0	0.0	362.9	18.6	5.4%
Public Safety/Police	2,341.1	2,472.7	-13.2	0.0	2,459.4	118.3	5.1%
Higher Education	8,346.1	8,555.4	0.0	12.0	8,567.4	221.3	2.7%
Other Education	1,348.5	1,361.6	-19.9	1.5	1,343.2	-5.3	-0.4%
Transportation	2,857.4	2,916.9	-7.7	1.0	2,910.2	52.8	1.8%
Agriculture/Natural Res./Environment	592.7	646.5	-30.7	0.0	615.8	23.1	3.9%
Other Executive Agencies	3,296.9	3,599.9	-424.9	17.2	3,192.3	-104.7	-3.2%
Judiciary	773.9	806.6	-8.0	0.3	798.8	24.9	3.2%
Legislative	160.8	165.3	0.0	0.0	165.3	4.6	2.8%
Across-the-board Cuts	0.0	0.0	0.0	0.0	0.0	0.0	n/a
State Agencies	\$24,629.1	\$25,590.9	-\$641.3	\$189.0	\$25,138.6	\$509.4	2.1%
Deficiencies (for prior years)	\$273.2	\$0.0	\$0.0	\$0.0	\$0.0	-\$273.2	-100.0%
Total Operating	\$44,242.0	\$46,251.7	-\$1,070.4	\$233.3	\$45,414.5	\$1,172.5	2.7%
Capital	\$2,100.8	\$2,053.8	-\$65.0	\$27.0	\$2,015.8	-\$85.0	-4.0%
Transportation	1,496.6	1,452.5	0.0	0.0	1,452.5	-44.1	-2.9%
Environment	210.6	197.3	0.0	0.0	197.3	-13.3	-6.3%
Other	393.6	404.0	-65.0	27.0	366.0	-27.6	-7.0%
Subtotal	\$46,342.8	\$48,305.5	-\$1,135.4	\$260.3	\$47,430.3	\$1,087.5	2.3%
Reserve Funds	\$92.5	\$495.8	-\$469.5	\$0.2	\$26.5	-\$66.0	-71.4%
Appropriations	\$46,435.3	\$48,801.3	-\$1,604.9	\$260.5	\$47,456.8	\$1,021.5	2.2%
Reversions	-\$75.0	-\$75.0	\$0.0	\$0.0	-\$75.0	\$0.0	0.0%
Grand Total	\$46,360.3	\$48,726.3	-\$1,604.9	\$260.5	\$47,381.8	\$1,021.5	2.2%

⁽¹⁾ Appropriations Committee reductions include \$517.1 million contingent on legislation. In addition, the allowance includes \$81.8 million in reductions from the supplemental budget that are contingent on legislation.

Note: The fiscal 2025 working appropriation reflects deficiencies and supplemental deficiencies of \$2.0 billion and \$91.3 million in Appropriations Committee cuts to the deficiencies plus \$237.7 million in reversions including \$162.7 million in targeted reversions. It also reflects legislative additions of \$34.2 million. Fiscal 2024 excludes \$200.6 million, fiscal 2025 excludes \$75.1 million and fiscal 2026 excludes \$72.3 million of special funds that double counts general fund spending.

State Expenditures – All Funds
Fiscal 2024-2026
(\$ in Millions)

<u>Category</u>	2025	2026	Appropriations	Appropriations	Appropriations	<u>\$ Change</u>	<u>% Change</u>
	<u>Working</u>	<u>Allowance</u>	<u>2026</u>	<u>2026</u>	<u>2026</u>		
	<u>Appropriation</u>		<u>Reductions</u> ⁽¹⁾	<u>Additions</u>	<u>Appropriation</u>	<u>2025 to 2026</u>	
Debt Service	\$1,958.9	\$1,865.9	-\$27.0	\$0.0	\$1,838.9	-\$120.0	-6.1%
County/Municipal	\$1,093.2	\$1,124.3	-\$15.5	\$24.0	\$1,132.8	\$39.6	3.6%
Community Colleges	477.6	509.0	-6.2	0.3	503.1	25.5	5.3%
Education/Libraries	10,520.0	11,247.7	-177.1	5.0	11,075.7	555.7	5.3%
Health	136.2	117.0	-2.0	0.0	115.0	-21.2	-15.6%
Aid to Local Governments	\$12,227.0	\$12,998.1	-\$200.8	\$29.3	\$12,826.6	\$599.6	4.9%
Foster Care Payments	\$388.4	\$395.6	\$0.0	\$0.0	\$395.6	\$7.2	1.9%
Assistance Payments	2,201.5	2,206.2	-213.4	0.0	1,992.8	-208.7	-9.5%
Medical Assistance	15,150.6	15,664.2	-294.8	15.0	15,384.3	233.7	1.5%
Property Tax Credits	96.0	87.1	0.0	0.0	87.1	-8.9	-9.2%
Entitlements	\$17,836.5	\$18,353.0	-\$508.2	\$15.0	\$17,859.9	\$23.4	0.1%
Health	\$6,632.3	\$6,784.8	-\$151.2	\$152.3	\$6,785.9	\$153.6	2.3%
Human Services	1,412.4	1,534.9	-0.5	9.4	1,543.8	131.4	9.3%
Juvenile Services	350.6	369.3	0.0	0.0	369.3	18.7	5.3%
Public Safety/Police	2,378.7	2,510.5	-13.2	0.0	2,497.2	118.5	5.0%
Higher Education	8,346.1	8,555.4	0.0	12.0	8,567.4	221.3	2.7%
Other Education	1,724.8	1,745.2	-20.0	1.5	1,726.6	1.9	0.1%
Transportation	2,997.3	3,058.0	-7.7	1.0	3,051.3	54.0	1.8%
Agriculture/Natural Res./Environment	701.0	758.9	-32.7	0.0	726.2	25.2	3.6%
Other Executive Agencies	4,924.4	5,140.6	-438.3	17.2	4,719.4	-205.0	-4.2%
Judiciary	776.1	807.6	-8.0	0.3	799.9	23.8	3.1%
Legislative	160.8	165.3	0.0	0.0	165.3	4.6	2.8%
Across-the-board Cuts	0.0	0.0	0.0	0.0	0.0	0.0	n/a
State Agencies	\$30,404.4	\$31,430.4	-\$671.7	\$193.7	\$30,952.3	\$547.9	1.8%
Deficiencies (for prior years)	\$608.8	\$0.0	\$0.0	\$0.0	\$0.0	-\$608.8	n/a
Total Operating	\$63,035.5	\$64,647.3	-\$1,407.6	\$238.0	\$63,477.7	\$442.2	0.7%
Capital	\$3,759.3	\$3,508.1	-\$65.0	\$27.0	\$3,470.0	-\$289.2	-7.7%
Transportation	2,702.4	2,683.2	0.0	0.0	2,683.2	-19.2	-0.7%
Environment	383.9	372.0	0.0	0.0	372.0	-11.9	-3.1%
Other	673.0	452.9	-65.0	27.0	414.9	-258.1	-38.4%
Subtotal	\$66,794.8	\$68,155.4	-\$1,472.7	\$265.0	\$66,947.7	\$152.9	0.2%
Reserve Funds	\$92.5	\$495.8	-\$469.5	\$0.2	\$26.5	-\$66.0	-71.4%
Appropriations	\$66,887.3	\$68,651.2	-\$1,942.2	\$265.2	\$66,974.2	\$86.9	0.1%
Reversions	-\$75.0	-\$75.0	\$0.0	\$0.0	-\$75.0	\$0.0	0.0%
Grand Total	\$66,812.3	\$68,576.2	-\$1,942.2	\$265.2	\$66,899.2	\$86.9	0.1%

⁽¹⁾ Appropriations Committee reductions include \$533.4 million contingent on legislation. In addition, the allowance includes \$96.6 million in reductions from the supplemental budget that are contingent on legislation.

Note: The fiscal 2025 working appropriation reflects deficiencies and supplemental deficiencies of \$3.4 billion and \$91.3 million in Appropriations Committee cuts to the deficiencies plus \$237.7 million in reversions including \$162.7 million in targeted reversions. It also reflects legislative additions of \$34.2 million. Fiscal 2024 excludes \$200.6 million, fiscal 2025 excludes \$75.1 million and fiscal 2026 excludes \$72.3 million of special funds that double counts general fund spending.

Acronym List

APP: House Appropriations Committee
BRFA: Budget Reconciliation and Financing Act
Commerce: Department of Commerce
CRF: Cigarette Restitution Fund
DBM: Department of Budget and Management
DDA: Developmental Disabilities Administration
DHCD: Department of Housing and Community Development
DHS: Department of Human Services
DNR: Department of Natural Resources
DoIT: Department of Information Technology
DPA: Dedicated Purpose Account
DPSCS: Department of Public Safety and Correctional Services
DSCI: Department of Service and Civic Innovation
DSP: Department of State Police
EARN: Employment Advancement Right Now
EMS: emergency medical services
FAMLI: Family Medical Leave Insurance
GO: general obligation
GOCPP: Governor's Office of Crime Prevention and Policy
IT: information technology
LEA: local education agency
MCA: Maryland Cannabis Administration
MCO: managed care organization
Md Labor: Maryland Department of Labor
MDA: Maryland Department of Agriculture
MDE: Maryland Department of the Environment
MDEM: Maryland Department of Emergency Management
MDH: Maryland Department of Health
MDOA: Maryland Department of Aging
MDOT: Maryland Department of Transportation
MDP: Maryland Department of Planning
MEA: Maryland Energy Administration
MEDCO: Maryland Economic Development Corporation
MEMSOF: Maryland Emergency Medical System Operations Fund
MHEC: Maryland Higher Education Commission
MPT: Maryland Public Television
MSDE: Maryland State Department of Education
MSP: Maryland State Police
MTROA: Maryland Thoroughbred Racetrack Operating Authority
MVA: Motor Vehicle Administration
OAG: Office of the Attorney General
OCO: Office of Correctional Ombudsman
PAYGO: pay-as-you-go

PIN: position identification number
POS: Program Open Space
SBE: State Board of Elections
SDAT: State Department of Assessments and Taxation
SEIF: Strategic Energy Investment Fund
TEDCO: Maryland Technology Development Corporation
TTF: Transportation Trust Fund
VEIP: Vehicle Emissions Inspection Program