

WES MOORE  
*Governor*

ARUNA MILLER  
*Lieutenant Governor*



YAAKOV "JAKE" WEISSMANN  
*Acting Secretary*

MARC L. NICOLE  
*Deputy Secretary*

**TITLE: House Bill 594 Sales and Use Tax - Distribution - City of Baltimore**

**DATE: February 9th 2026**

**COMMITTEE: Ways and Means**

**POSITION: Oppose**

**SUMMARY OF BILL:** The bill requires the Comptroller to distribute to Baltimore City one-third of all sales and use taxes collected from retail sales occurring within city limits.

**EXPLANATION:** The Department of Budget and Management opposes HB594 because it significantly reduces General Fund revenue. Baltimore City currently receives \$1.89 billion in total state aid, including over \$1.44 billion for PreK-12 education. The mandate to redirect one-third of all sales and use taxes collected within city limits would annually take away \$200 million to \$235 million from statewide resources. The bill also ensures this carve-out occurs before existing mandates for the Blueprint for Maryland's Future Fund, reducing revenue dedicated to statewide K-12 reforms and shifting the resulting shortfall to the General Fund.

Given the significant uncertainty in federal policy and the escalating fiscal shortfalls forecasted through Fiscal Year 2028, the Department urges caution against legislation that increases expenditures or diverts revenue without sustainable funding offsets. In light of the current fiscal crisis, the State must remain disciplined and strategic in its funding decisions to protect essential services for all Marylanders.

**For additional information, contact Dana Phillips at  
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