

WES MOORE
Governor

ARUNA MILLER
Lieutenant Governor



YAAKOV "JAKE" WEISSMANN
Acting Secretary

MARC L. NICOLE
Deputy Secretary

TITLE HOUSE/SENATE BILL: HB151 Sales and Use Tax - Distribution of Cannabis Sales Tax Revenue - Maryland Veterans Trust Fund

DATE: January 29th, 2025

COMMITTEE: Ways and Means

SUMMARY OF BILL: House Bill 151 proposes a structural reallocation of Maryland's cannabis sales and use tax revenue to provide a dedicated funding stream for the Maryland Veterans Trust Fund. Under current law, distributions are made to administrative expenses and to specific community funds; the remaining revenue is distributed, with 25% going to the State's General Fund. This bill reduces the General Fund share to 22% and redirects the remaining 3% directly to the Veterans Trust Fund.

EXPLANATION: Although the Department understands the intent of reallocating these funds, a 3% adjustment to the cannabis tax distribution would result in a substantial \$4 million annual diversion from the State's General Fund. The Department of Budget and Management is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long term. This mission is further complicated by significant uncertainty regarding federal uncertainty in both policy and budgetary senses, which requires the State to maintain a higher degree of fiscal resilience. In light of current projected general fund deficits in fiscal 2027 and beyond, the Department urges caution in passing legislation that significantly increases expenditures without commensurate decreases in other areas. In light of the current fiscal crisis, the state government must be disciplined and strategic in its funding decisions to protect essential services. Any legislation that increases spending should include specific, identified, and sustainable funding offsets.

Given the forecasted out-year deficits as well as significant uncertainty regarding the federal budget and policy changes, it would be challenging for the State to manage this increase in spending. This challenge is compounded by major, unforeseen changes in federal policy and

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other ongoing budgetary pressures. The Department of Budget and Management (DBM) now forecasts significant shortfalls beginning in Fiscal Year 2027 and beyond.

**For additional information, contact Dana Phillips at
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