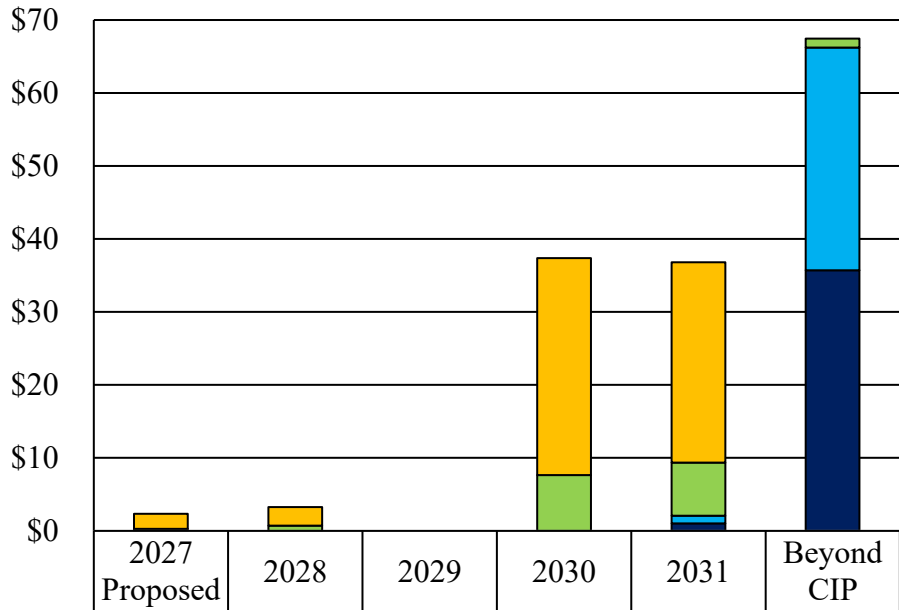


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***Capital Budget Summary***

**State-owned Projects *Capital Improvement Program***  
**(\$ in Millions)**

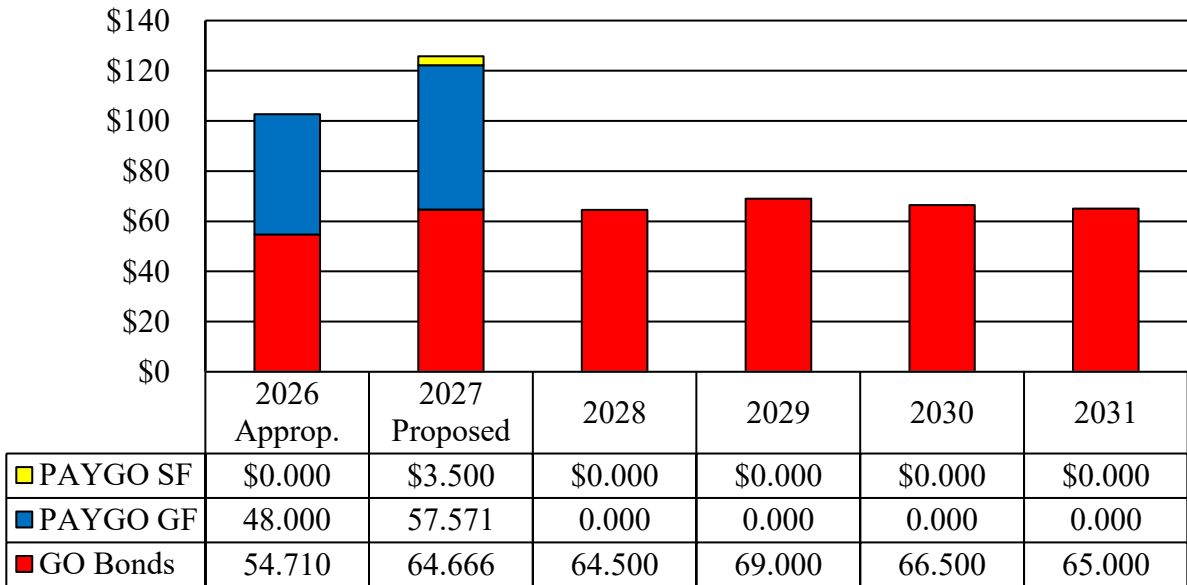
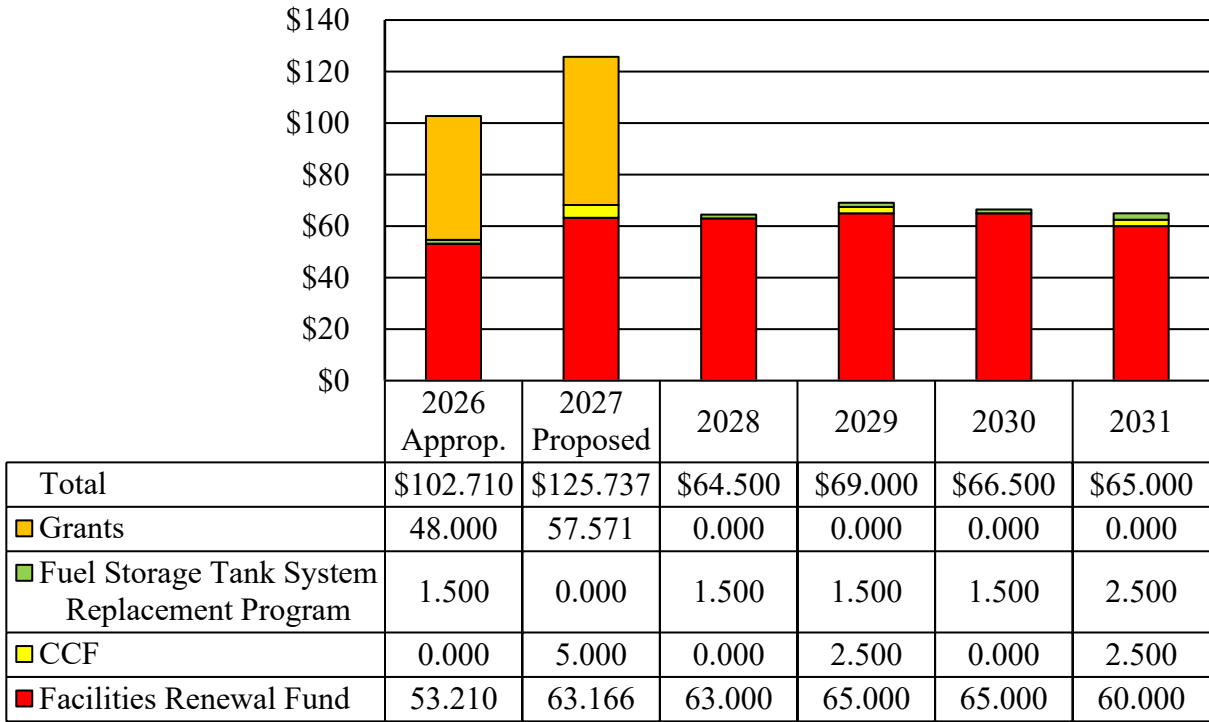


	2027 Proposed	2028	2029	2030	2031	Beyond CIP
Total	\$2.341	\$3.247	\$0.000	\$37.382	\$36.805	\$67.437
■ Louis L. Goldstein Treasury Building Renovation	2.060	2.517	0.000	29.754	27.432	0.000
■ Wineland Building Renovation	0.281	0.730	0.000	7.628	7.299	1.194
■ Central Services Building Renovation	0.000	0.000	0.000	0.000	1.068	30.537
■ Income Tax Building Renovation	0.000	0.000	0.000	0.000	1.006	35.706

CIP: *Capital Improvement Program*

Note: All projects are funded with general obligation bonds.

**Statewide and Regional Grant and Loan Capital Improvement Program  
(\$ in Millions)**



CCF: Contingency Construction Fund  
GO: general obligation  
GF: general fund

PAYGO: pay-as-you-go  
SF: special fund

## ***Key Observations***

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- ***Facilities Renewal Fund (FRF) Funded with Bonds and Strategic Energy Investment Funds (SEIF) in Fiscal 2027:*** The 2026 Capital Improvement Program (CIP) includes a total of \$63.2 million for 52 projects in the FRF in fiscal 2027. Of the \$63 million, \$59.7 million will be funded with general obligation (GO) bonds for 45 projects and \$3.5 million will be funded with special funds from SEIF for 7 projects at Maryland Department of Health (MDH) facilities.
- ***Planned Fiscal 2027 Funding for the Fuel Storage Tank System Replacement Program Deferred:*** The 2025 CIP programmed \$1.5 million in GO bonds in fiscal 2027 for the Fuel Storage Tank System Replacement program. However, the 2026 CIP deferred the funding to fiscal 2028 due to the availability of prior authorized funds to support fiscal 2027 projects.
- ***Miscellaneous Grants Included in Fiscal 2027 Capital Budget:*** The 2026 CIP includes a total of \$57.6 million in general funds for miscellaneous grants, including \$30 million for two projects related to the Capital of Quantum Initiative as well as \$14.6 million for the first year of a multi-year \$116.6 million commitment for the expansion of Astra-Zeneca facilities.

## ***PAYGO Recommended Actions***

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	<b><u>Amount Change</u></b>	
1. Delete funds for the New Montevue Senior Living Facility due to the availability of funding through the Department of Housing and Community Development.	-\$3,000,000	GF
<b>Total Net Change to Fiscal 2027 Allowance</b>	<b>-\$3,000,000</b>	

## GO Bond Recommended Actions

1. Reduce the fiscal 2027 general obligation bond authorization for the Facilities Renewal Fund for two projects and instead fund these projects with additional Strategic Energy Investment Funds.

DE0201B	Facilities Renewal Fund .....	\$50,616,000
---------	-------------------------------	--------------

<u>Allowance</u>	<u>Change</u>	<u>Authorization</u>
59,666,000	-9,050,000	50,616,000

**Explanation:** Reduce funding for the Facilities Renewal Fund by \$9,050,000 for two projects and instead fund the two projects with additional special funds from the Strategic Energy Investment Fund.

2. Deauthorize funds for the Revolutionary War Memorial for Black Soldiers.

DE02.01D	Revolutionary War Memorial for Black Soldiers.....	Deauthorization
----------	--	-----------------

Add the following language:

<u>DE02.01</u>	<u>STATE GOVERNMENT CENTER – ANNAPOLIS</u> <u>(Anne Arundel County)</u>
----------------	--

<u>(D)</u>	<u>Revolutionary War Memorial for Black Soldiers.</u> <u>Provide funds to construct a new monument that</u> <u>honors Black Revolutionary War Soldiers.....</u>	<u>[1,000,000]</u> <u>750,000</u>
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**Explanation:** This language deauthorizes funds for the Revolutionary War Memorial for Black Soldiers as additional funding was inadvertently authorized for this project.

<b>Total General Obligation Bonds Reductions</b>	<b>-\$9,050,000</b>
<b>Total General Obligation Bonds Deauthorizations</b>	<b>-\$250,000</b>

### Updates

- **Baltimore State Center Complex Demolition:** The Baltimore State Center is a 28-acre site that includes four office buildings and the Fifth Regiment Armory. Due to the poor condition of the buildings, renovation was deemed too expensive to undertake, and the

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12 agencies occupying the Baltimore offices are relocating to leased space in downtown Baltimore, which will leave the former offices vacant. As of October 2025, 7 of the 12 agencies have completed their move to a new office space. All remaining agencies are estimated to be relocated by the first quarter of calendar 2027.

General funds of \$5 million appropriated to the Dedicated Purpose Account (DPA) in fiscal 2025 to support the preliminary engineering efforts were canceled by the Board of Public Works (BPW) on July 17, 2024. The Department of General Services (DGS) subsequently allocated \$750,000 from the Facilities Renewal program in fiscal 2025 to partially restore the canceled funds and fund an engineering study regarding the usage and demolition of all structures at the site, except for the Fifth Regiment Armory. The fiscal 2026 capital budget included an additional \$750,000 in general funds for this purpose.

The Governor Wes Moore Administration is pursuing redevelopment of State Center through a transit-oriented concept that is jointly led by DGS and the Maryland Department of Transportation (MDOT), with the Maryland Economic Development Corporation (MEDCO) supporting consultant contract management. A predevelopment consultant contract was awarded by MEDCO in September 2025; the consultant will conduct a study to determine the condition and feasibility of the site and is also responsible for managing a market solicitation process to identify a qualified development partner. Due diligence work, which includes conditions assessment, building reuse evaluation, and vision plan refinement, is currently in progress. The predevelopment phase of the project is scheduled to be completed in December 2027. The estimated consultant cost is \$2.3 million. The total of \$1.5 million in prior authorization in DGS was transferred to MDOT under a memorandum of agreement entered into in calendar 2025. MDOT is responsible for seeking funding for any scope of work exceeding \$1.5 million. MDOT's *Capital Transportation Program* includes \$2.4 million for the State Center Redevelopment Strategy as part of the Secretary's Office Minor Projects program.

**As the State Center agency relocation is anticipated to be completed by the first quarter of calendar 2027 and the predevelopment phase of the site is expected to be completed by December 2027, DGS should comment on its plan for the site when it remains vacant for about nine months in calendar 2027. DGS should also comment on its plan for the site if the predevelopment phase is not completed by the expected date. DGS should further clarify if additional funding is required during the time the site remains vacant.**

- ***Revolutionary War Memorial for Black Soldiers:*** This project is a memorial at the Maryland State House for more than 150 Black Marylanders who are known to have served in the Revolutionary War. According to DGS, the first of the two figures is anticipated to be delivered to the foundry for casting in March 2026, and the second figure is anticipated to be delivered to the foundry in April 2026. The memorial site design is complete, and a construction contract is anticipated to be presented to BPW in April 2026 with construction

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starting in May 2026. The unveiling ceremony for the monument is currently scheduled for August 2026.

In addition to \$250,000 provided in fiscal 2025, the fiscal 2026 capital budget included \$1.0 million in GO bonds for this project, although the intended amount for fiscal 2026 was only \$750,000. The remaining \$250,000 was intended to be used instead for a separate capital grant for the Maryland Society of the Sons of the American Revolution Revolutionary War Memorial. **The Department of Legislative Services (DLS) recommends deauthorizing \$250,000 to align with the expected authorization. The funds would then be available to authorize for the intended project.**

- State House and Old Treasury Building Restoration:*** This project restores the exterior and grounds of the Maryland State House and Old Treasury buildings in the Annapolis State Government Complex. This includes the north front portico and columns, dome and lantern, building envelope, roof, soffits, south front portico, north front accessible entrance, Old Treasury Building, and brick perimeter walls and sidewalks. The need for this project was discovered during cleaning of black carbon and biofilm from the State House exterior, a process that exposed significant structural issues, including large cracks in the brickwork. The project previously received \$47.2 million in a combination of GO bonds and general funds. The Maryland Consolidated Capital Bond Loan of 2026 as introduced deauthorizes \$3 million in GO bonds for this project as it is substantially complete.

## ***Summary of Fiscal 2027 Funded State-owned Projects***

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### **Louis L. Goldstein Treasury Building Renovation**

***Project Summary:*** This project renovates the Louis L. Goldstein Treasury Building, located in the Annapolis State Government Complex. The building is occupied by the Comptroller, the State Treasurer’s Office (STO), and BPW staff. This project renovates the building interiors on the second, third, and fourth floors and also includes upgrades of all mechanical, electrical, and plumbing systems; fire protection and security system upgrades; exterior building renovations; and Americans with Disabilities Act (ADA) access compliance upgrades.

<b>New/Ongoing:</b> New	
<b>Start Date:</b> October 2026	<b>Est. Completion Date:</b> July 2031

<b>Fund Sources:</b>							
(\$ in Millions)	Prior Auth.	2027	2028	2029	2030	2031	Total
<b>GO Bonds</b>	\$0.000	\$2.060	\$2.517	\$0.000	\$29.754	\$27.432	\$61.763
<b>Total</b>	<b>\$0.000</b>	<b>\$2.060</b>	<b>\$2.517</b>	<b>\$0.000</b>	<b>\$29.754</b>	<b>\$27.432</b>	<b>\$61.763</b>

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<b>Fund Uses:</b>							
<b>(\$ in Millions)</b>	<b>Prior Auth.</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>Total</b>
<b>Planning</b>	\$0.000	\$2.060	\$2.517	\$0.000	\$2.160	\$0.000	\$6.737
<b>Construction</b>	0.000	0.000	0.000	0.000	27.094	27.094	54.188
<b>Equipment</b>	0.000	0.000	0.000	0.000	0.500	0.338	0.838
<b>Total</b>	<b>\$0.000</b>	<b>\$2.060</b>	<b>\$2.517</b>	<b>\$0.000</b>	<b>\$29.754</b>	<b>\$27.432</b>	<b>\$61.763</b>

- **Need:** The Treasury building was constructed in 1958, and a comprehensive building condition assessment conducted in October 2017 found that the exterior, interior, and building systems of the building needed renovation, upgrade, or replacement.
- **Project Status and Schedule:** The fiscal 2027 funding of \$2.1 million in GO bonds is to begin design of the project. According to DGS, the Part II facility program is expected to be completed by March 2026. Because the building is currently occupied by the Comptroller, STO, and BPW staff, this project will require a phased approach where renovation work will be completed while keeping the building operational.
- **Changes:** The estimated total project cost is \$61.8 million, which is \$2.4 million (4%) higher than the \$59.3 million programmed in last year’s CIP due to the inclusion of the green construction allowance for the LEED Silver certification and the increase in the architecture and engineering expenses as the building requires additional surveys and investigations to be conducted.
- **Other Comments:** The fiscal 2024 and 2025 capital budgets included a total of \$1 million in GO bonds for building renovations to address facility renewal activities, specifically to refresh paints, install water bottle filling stations, and update bathrooms. This prior authorization is considered separate from the larger renovation project.

### **Wineland Building Renovation**

**Project Summary:** This project renovates the five-story Wineland Building (formerly known as the Jeffrey Building), located in the Annapolis State Government Complex. The building is currently occupied by the Secretary of State, the Maryland Department of Veterans and Military Families, the Governor’s Office of Homeland Security, and several offices for the Governor’s staff. The building also includes a parking garage that accommodates 15 vehicles. This project is subject to regulation by the Annapolis Historic Preservation Commission. This project reconfigures and widens spaces, extends fire suppression systems throughout the building, and abates hazardous materials to ensure that the new facility is ADA compliant and addresses security needs. The estimated total project cost is \$17.1 million.

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<b>New/Ongoing:</b> New								
<b>Start Date:</b> February 2027					<b>Est. Completion Date:</b> September 2031			
<b>Fund Sources:</b>								
<b>(\$ in Millions)</b>	<b>Prior Auth.</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>Beyond CIP</b>	<b>Total</b>
<b>GO Bonds</b>	\$0.000	\$0.281	\$0.730	\$0.000	\$7.628	\$7.299	\$1.194	\$17.132
<b>Total</b>	<b>\$0.000</b>	<b>\$0.281</b>	<b>\$0.730</b>	<b>\$0.000</b>	<b>\$7.628</b>	<b>\$7.299</b>	<b>\$1.194</b>	<b>\$17.132</b>
<b>Fund Uses:</b>								
<b>(\$ in Millions)</b>	<b>Prior Auth.</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>Beyond CIP</b>	<b>Total</b>
<b>Planning</b>	\$0.000	\$0.281	\$0.730	\$0.000	\$0.469	\$0.000	\$0.000	\$1.480
<b>Construction</b>	0.000	0.000	0.000	0.000	7.159	7.159	1.194	15.512
<b>Equipment</b>	0.000	0.000	0.000	0.000	0.000	0.140	0.000	0.140
<b>Total</b>	<b>\$0.000</b>	<b>\$0.281</b>	<b>\$0.730</b>	<b>\$0.000</b>	<b>\$7.628</b>	<b>\$7.299</b>	<b>\$1.194</b>	<b>\$17.132</b>

- **Need:** The building was constructed in 1966 and is poorly configured and not ADA compliant, contains hazardous materials, and does not have security and safety measures in place. Additionally, the building systems are obsolete and do not meet current sustainability and energy efficiency standards.
- **Project Status and Schedule:** According to DGS, the Part I and II facility program was completed in calendar 2023 and updated in calendar 2024. The revised facility program is currently under final review for approval by the Department of Budget and Management. Based on the current project schedule, the current tenants of the building are anticipated to relocate to a temporary location in calendar 2029. DGS will assist tenant agencies with relocation during project construction, which is currently estimated to begin in July 2029 and be completed in September 2031. **DGS should comment if temporary locations for the current tenant agencies have been identified and if additional funding is needed to assist the relocating agencies currently occupying the building.**
- **Changes:** The fiscal 2027 funding of \$281,000 in the 2026 CIP is \$22,000 more than the 2025 CIP due to revised escalation costs. Similarly, the total estimated project cost of \$17.1 million is \$0.9 million higher than last year’s estimate.
- **Other Comments:** The fiscal 2022 capital budget included \$2 million in pay-as-you-go (PAYGO) general funds for building renovations to specifically repair the building envelope. This project’s design began in the spring of calendar 2022, and the construction was completed in November 2025.

## ***Summary of Out-year State-owned Projects***

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- ***Central Services Building Renovation:*** The 2026 CIP programs funding for the renovation of the Central Services Building located at 29 St. John Street in the Annapolis State Government Complex beginning in fiscal 2031. The building was constructed in 1972 and is occupied by the Annapolis Buildings and Grounds Division of DGS and the Maryland Capitol Police. The building includes indoor parking for approximately 132 vehicles. This project will renovate the building’s ground floor, provide new interior finishes, resurface and seal the building parking decks, replace all building systems, and construct building envelope upgrades. The total project cost is estimated at \$31.6 million, and the 2026 CIP programs \$1.1 million in fiscal 2031 to begin planning for the project.
- ***Income Tax Building Renovation:*** Funding for the renovation of the Income Tax Building is added in the 2026 CIP. The building, also known as the Revenue Administration Building, is located at 110 Carroll Street in the Annapolis State Government Complex and is occupied by the Office of the Comptroller’s Compliance Division and Revenue Administration Division. This project will renovate the building’s interiors, repair the exterior envelope, upgrade building systems, implement safety and code enhancements, and perform abatement measures. The fiscal 2026 CIP programs \$1 million in fiscal 2031 for this project, and the estimated total project cost is \$36.7 million.

## ***Budget Overview of Grant Programs***

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### **Statewide and Regional Programs**

DGS administers two statewide funds, the FRF and the Construction Contingency Fund (CCF), and one regional program, the Fuel Storage Tank System Replacement Program.

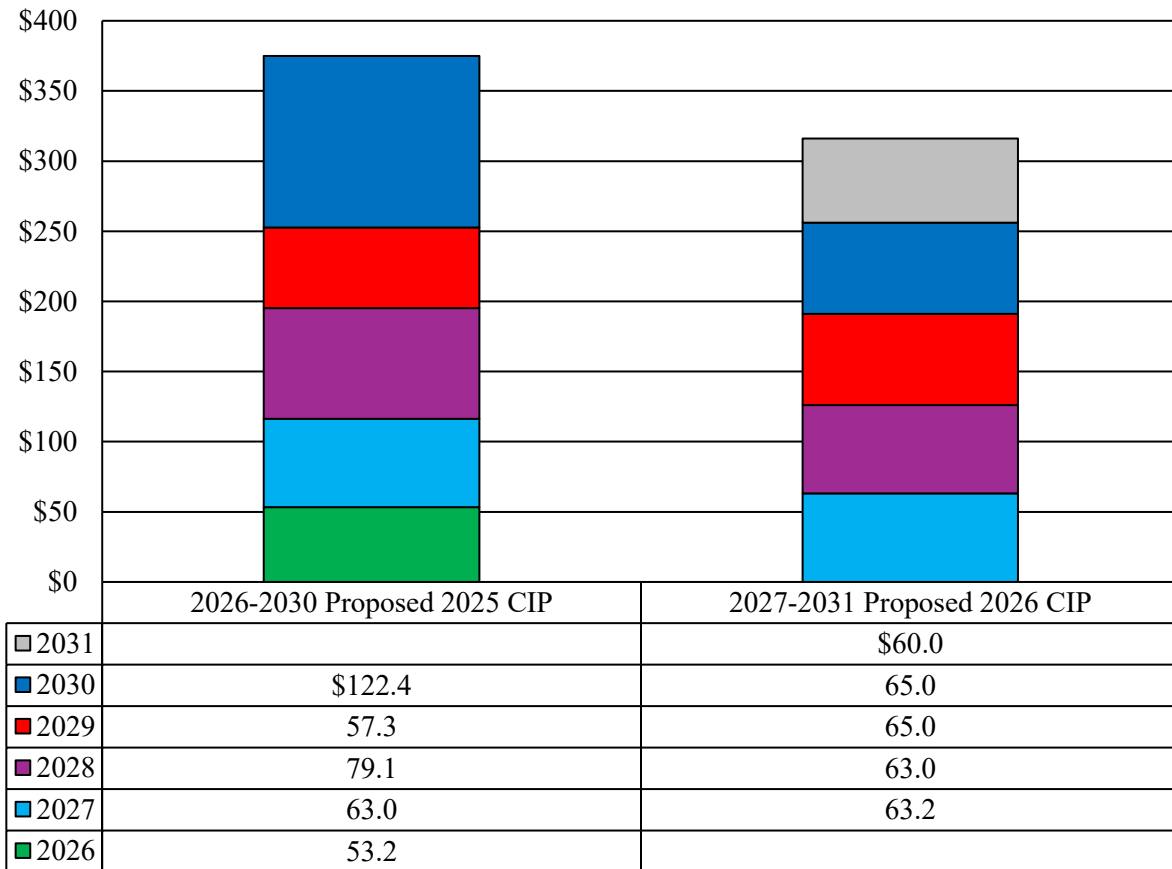
### **Facilities Renewal Fund**

The FRF provides funds for the repair and rehabilitation of capital facilities supported by DGS. Projects in this program range between \$100,000 to \$5 million. As shown in **Exhibit 1**, the 2026 CIP programs a total of \$316.2 million for the FRF over the next five years, which is \$58.8 million, or 15.7%, lower than what was programmed in the 2025 CIP. Of the \$316.2 million programmed in the 2026 CIP, \$63.2 million is allocated for fiscal 2027, which includes \$59.7 million in GO bonds and \$3.5 million in special funds from the SEIF. The fiscal 2027 budget includes funding for a total of 52 projects, of which 45 projects will be funded with GO bonds, and 7 projects at various MDH facilities will be funded with special funds from the SEIF. The out-year funding for the FRF is currently expected to be with GO bonds. The fiscal 2027 funding programmed in the 2026 CIP is \$200,000 higher than the fiscal 2027 funding programmed in the 2025 CIP. In fiscal 2024, the FRF had encumbrances and expenditures of \$36.0 million and

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\$29.3 million, respectively. However, in fiscal 2025, encumbrances lowered by \$20.5 million, or 56.9%, and expenditures lowered by \$17.0 million, or 58%. **DGS should comment on the reasons for the lower fund utilization in fiscal 2025.**

**Exhibit 1  
Department of General Services Facility Renewal Funding  
Fiscal 2026-2031  
(\$ in Millions)**



CIP: *Capital Improvement Program*

Note: Amount programmed for fiscal 2027 in the 2026 CIP includes \$3.5 million in special funds from the Strategic Energy Investment Fund.

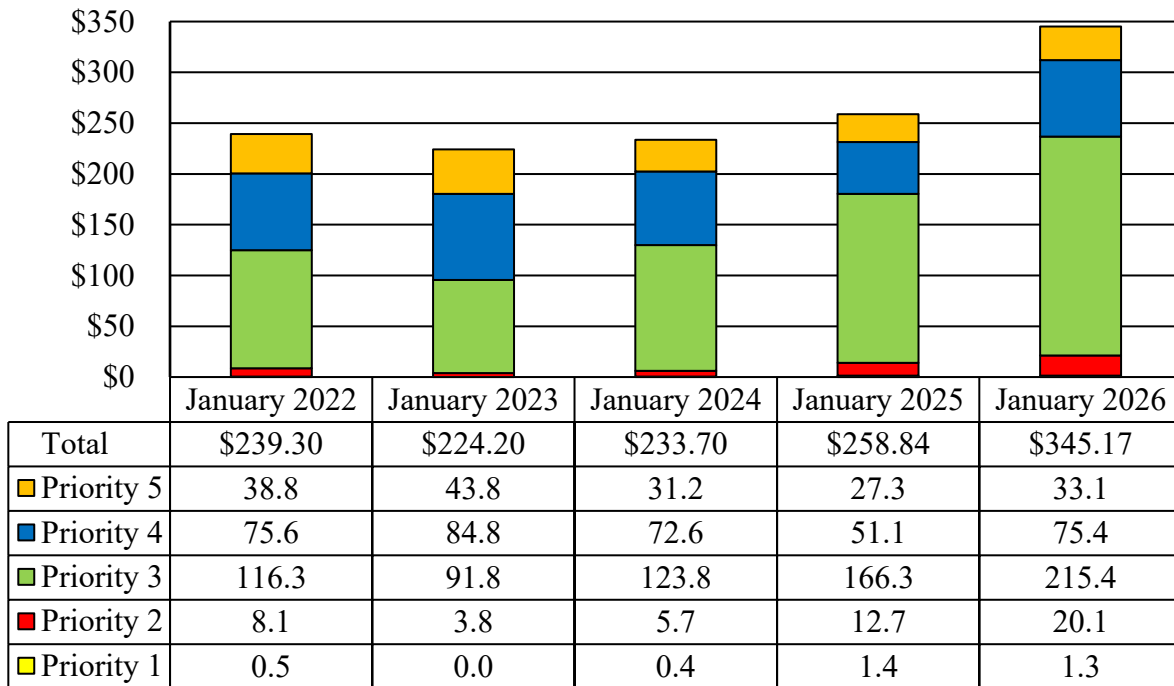
Source: 2025 and 2026 *Capital Improvement Programs*

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**Exhibit 2** shows the dollar amounts for facility renewal projects, which are classified into five different priority categories, with priority 1 being the most urgent that includes projects with high risk of failure or litigation and priority 5 being the least urgent that includes projects that require system improvement or redesign. From January 2025 to January 2026, the overall size of the backlog grew by 33% to \$345.2 million. Priority 3 projects that are nearing end of normal life expectancy had the largest change, increasing by \$49.1 million, or 29.5%. There are two priority 1 projects, both related to the Department of Public Safety and Correctional Services (DPSCS), that are programmed to be funded in fiscal 2027:

- the Patuxent Institution Diagnostic Building Center – \$750,000 to replace elevators; and
- the Maryland Correctional Training Center administrative building – \$500,000 to replace window and entrance doors.

**Exhibit 2**  
**Department of General Services Facility Renewal Backlog by Category**  
**January 2022 to January 2026**  
**(\$ in Millions)**



Source: Department of General Services

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Facility renewal is considered an essential tool to achieve the State’s net zero goals established by the Climate Solutions Now Act (Chapter 38 of 2022). In February 2026, DGS reported that a total of 37 planned projects with a cost of approximately \$32.0 million that comprise 8.3% of the backlog will have energy and carbon reduction impacts. This revised estimate is \$88.1 million lower than what was estimated in last year’s analysis. The total cost of projects related to the Climate Solutions Now Act is expected to increase as the Building Assessment Unit performs its continuing analysis of State-operated facilities and identifies and updates facility renewal needs across DGS-supported facilities.

The 2026 CIP includes seven MDH projects for a total of \$3.5 million that are eligible to be funded through SEIF in fiscal 2027. Of the remaining projects from the FRF backlog that DGS plans to undertake in fiscal 2027 with GO bonds, DLS has identified two DPSCS projects that could be eligible to be funded with additional SEIF funds. The two DPSCS projects are:

- the Police and Correctional Training administration building – \$4,250,000 for thermal energy efficiency improvements; and
- the Eastern Correctional Institution (ECI) – \$4,800,000 to replace air handling units in housing units.

**DLS recommends reducing FRF GO bond funding by \$9 million for the two DPSCS projects and instead funding the projects through additional SEIF funds.**

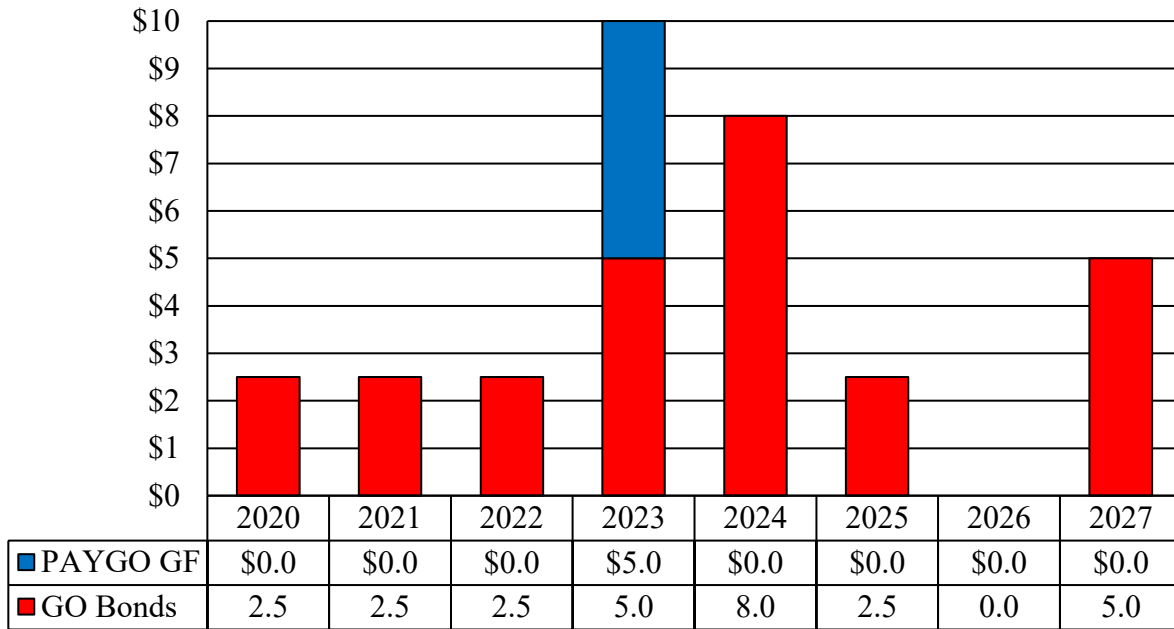
## **Contingency Construction Fund**

***Program Description:*** The CCF provides a source of supplementary funds for the construction of State-owned projects when existing funds are insufficient to complete them. The CCF may also be used to conduct value engineering and cover change orders during construction of a previously authorized project. Per § 3-609(c) of the State Finance and Procurement Article, an appropriation to the CCF may not be made if it would cause the total balance in the fund to exceed 1.25% of the capital debt affordability limit for that year. To access the fund, DGS must provide written notice to the budget committees, and the committees have 45 days to review and comment on the request. After legislative review, proposed transfers from the fund must be approved by BPW. The CCF receives funding from GO bond authorizations or appropriations, unspent proceeds of an enabling act (such as unspent PAYGO funds), or unspent GO bond authorizations. Unspent GO bond authorizations that exceed \$100,000 are usually deauthorized in a capital budget bill and not made available to the fund.

- ***Changes:*** As a hedge against rising construction costs, the State increased the level of funding to the CCF in both fiscal 2023 and 2024 with appropriations of \$10 million and \$8 million, respectively. As shown in **Exhibit 3**, no funding was provided in fiscal 2026 because the fund was not utilized by any projects in fiscal 2025. Last year’s CIP programmed \$2.5 million in GO bonds in fiscal 2027. However, the 2026 CIP includes

\$5 million in GO bonds in fiscal 2027 to replenish the balance, as DGS anticipates expending \$7.1 million in fiscal 2026, and programs \$2.5 million in GO bonds in every other fiscal year, with the next \$2.5 million to be included in fiscal 2029 for a total of \$10 million from fiscal 2027 to 2031.

**Exhibit 3**  
**Construction Contingency Fund Total Authorizations**  
**Fiscal 2020-2027**  
**(\$ in Millions)**

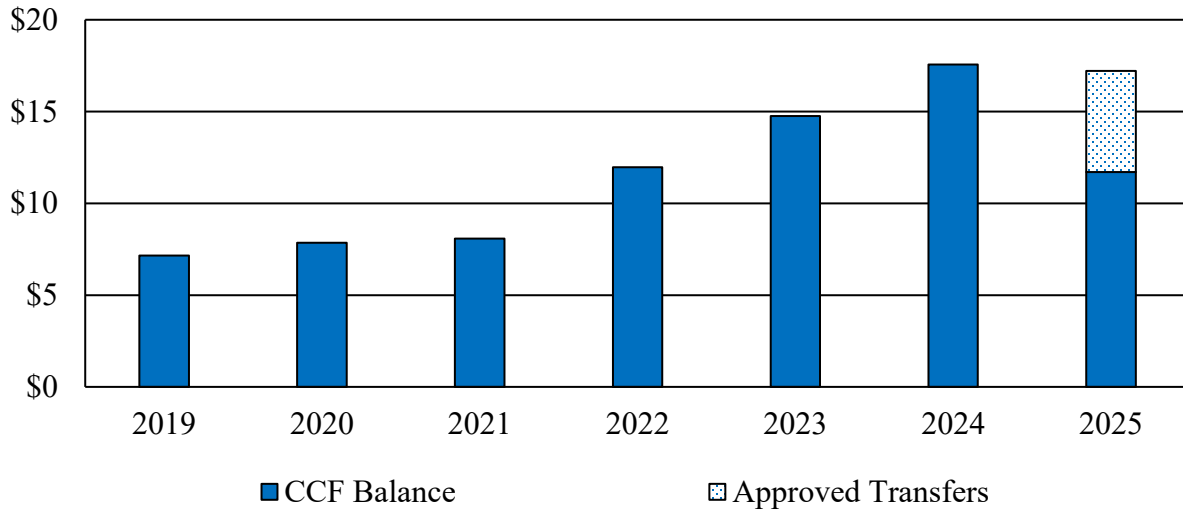


GF: general funds  
 GO: general obligation  
 PAYGO: pay-as-you-go

Source: Department of Budget and Management

**Exhibit 4** illustrates the CCF balance at the end of calendar 2019 to 2025. The CCF fund balance at the end of calendar 2025 was \$17.2 million, although this does not account for two transfers totaling \$5.5 million that were authorized in fall 2025. After those transfers, the CCF balance will be \$11.7 million. In fiscal 2026, the use of \$7.1 million from the CCF has been approved for four projects, namely the Judiciary’s Shillman Building Conversion project (\$3.2 million), the DPSCS ECI hot water and fence project (\$2.3 million), the Maryland School for the Deaf Veditz building renovation (\$900,000), and the Maryland Heritage Interpretive Center at Historic St. Mary’s City (\$724,000).

**Exhibit 4  
Construction Contingency Fund Balance  
Calendar 2019-2025  
(\$ in Millions)**



CCF: Construction Contingency Fund

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

**Fuel Storage Tank Replacement Program**

**Program Description:** The Fuel Storage Tank Replacement Program provides funds to remove, replace, or upgrade State-owned fuel storage tanks. This program is primarily designed to correct gasoline fuel storage tank deficiencies at Department of State Police barracks and other specified fueling facilities throughout the State. A significant number of existing underground gasoline fuel storage tanks at these locations have reached or are nearing the end of their useful lives, which is estimated to be 30 years. The remaining underground fuel storage tanks will be removed to eliminate or prevent leakage problems and will be replaced with above ground storage tanks. Fuel leaks can contaminate soil and groundwater and cause other environmental damage. Leaking tanks may also subject the State to regulatory penalties, and DGS notes that when tanks fail tests, they may face an immediate 30-day replacement order and fines of up to \$100,000 per tank.

- **Update:** The fiscal 2027 funding of \$1.5 million in GO bonds programmed for this program in the 2025 CIP has been deferred to fiscal 2028 in the 2026 CIP due to the availability of prior authorized funds to support fiscal 2027 projects. As of January 31, 2026, this program has an unencumbered balance of \$4.1 million. According

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to DGS, of the \$4.1 million unencumbered balance, \$1.5 million is used for the Northeast barrack, and \$1.3 million is expected to fund the construction contract for the McHenry barrack, which is expected to be presented to BPW in April 2026. The remaining balance of \$1.3 million is expected to support the Westminster barrack. Future funding for this program is expected to be used for the barracks in Bel Air, Easton, and Salisbury. The 2026 CIP programs \$1.5 million in each fiscal year from fiscal 2028 through 2030 and programs \$2.5 million in fiscal 2031 for this program.

## Miscellaneous Grants

As shown in **Exhibit 5**, the 2026 CIP includes a total of \$57.6 million in general funds for miscellaneous grants. The fiscal 2027 capital budget also includes \$10 million in GO bonds for the University of Maryland Enterprise Corporation (UMEC) project.

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**Exhibit 5**  
**PAYGO Miscellaneous Grants**  
**2026 Capital Improvement Program**  
**(\$ in Millions)**

<u>Project Title</u>	<u>Jurisdiction</u>	<u>Prior Authorization</u>	<u>Fiscal 2027</u>	<u>Future Request</u>
IonQ, Inc. – Capital of Quantum Initiative	Prince George’s	\$15.0	\$20.0	\$15.0
University of Maryland Enterprise Corporation – Capital of Quantum Initiative	Prince George’s	10.0	20.0	0.0
AstraZeneca Facility Expansion	Frederick and Montgomery	0.0	14.6	102.0
Madison Square Garden Group – Sphere Maryland	Prince George’s	0.0	10.0	0.0
New Montevue Senior Living Facility	Frederick	0.0	3.0	0.0
		<b>\$25.0</b>	<b>\$67.6</b>	

PAYGO: pay-as-you-go

Note: Prior year authorizations include both PAYGO and general obligation bonds. Fiscal 2027 funding for the University of Maryland Enterprise Corporation project includes \$10 million in PAYGO general funds and \$10 million in general obligation bonds.

Source: 2026 Capital Improvement Program

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- ***AstraZeneca Facilities Expansion:*** The CIP proposes \$14.6 million in general funds annually in fiscal 2027 through 2031, the end of the planning period, as part of an eight-year State capital commitment of \$116.6 million to support facility improvements and expansions in Frederick and Montgomery counties. In Frederick County, funding will support the design and construction of additional biopharmaceutical manufacturing capacity at AstraZeneca’s existing facility in Frederick. In Montgomery County, funding will support constructing a facility to develop medicines for use in clinical trials adjacent to AstraZeneca’s current Gaithersburg location. Design for both facilities is expected to begin by March 2026, and construction is expected to begin in September 2027. Both facilities are expected to be operational by calendar 2029 or 2030, but additional site improvements are planned for fiscal 2031 and beyond.

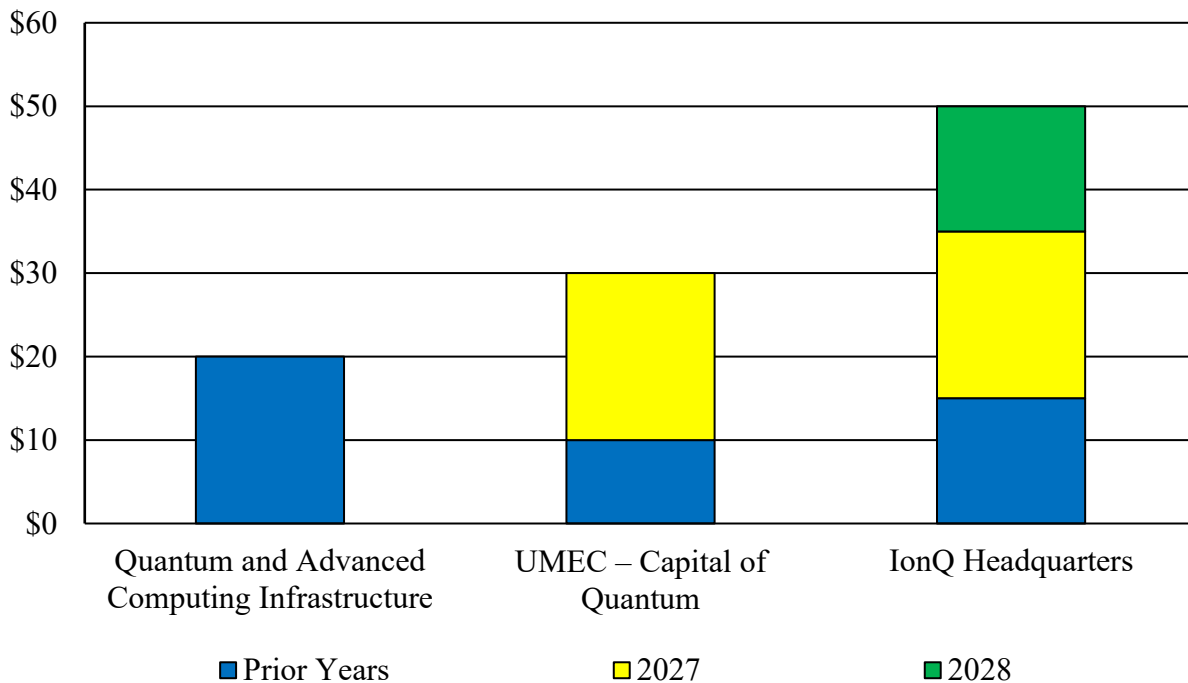
The expansion is expected to retain 400 jobs and create 300 jobs, for a State cost of \$166,521 in PAYGO funding per job. The total estimated project cost is \$1.8 billion, for a State share of 6.4%. The project is also expected to seek up to \$4.0 million in State funding from the Economic Development Opportunities Program Account, better known as the Sunny Day Fund, in fiscal 2026 and additional funds from the Maryland Economic Development Assistance Authority and Fund.

- ***Madison Square Garden Group – Sphere Maryland:*** The CIP proposes one-time State funding of \$10 million in general funds for this project, a planned 6,000-seat entertainment venue at National Harbor. The total estimated project cost is \$1.4 billion, for a State share of 0.7%. Most of the project (\$1.2 billion) will be funded with private financing, but the proposed grantee also anticipates using local tax increment financing, parking garage revenue, and MEDCO financing for the project. The State share of the overall cost is negligible, and it is not clear whether general funds are necessary for the project’s completion. Once finished, the Sphere venue is projected to create 1,250 full- and part-time jobs. Design began in January, and construction is projected to start in November; however, the proposed grantee is still in the process of negotiating a long-term lease with Peterson Companies, which owns the property.
- ***New Montevue Senior Living Facility:*** This project would construct 60 to 85 units of senior housing as well as greenspace and a potential community center in Frederick County. The fiscal 2027 allowance includes \$3.0 million in general funds for the project, which has an estimated total cost of \$41.2 million, including an anticipated \$3.3 million award from the Department of Housing and Community Development’s (DHCD) Partnership Rental Housing Program. The miscellaneous grant and Partnership Rental Housing funding bring the State share of the project to 15%. The project will likely also be eligible for funding through DHCD’s Rental Housing Works program, which provides funding for affordable housing projects on a first-ready, first-served basis. **Due to the availability of additional funding through DHCD programs, DLS recommends deleting the miscellaneous grant funding for the New Montevue Senior Living Facility.**

## Capital of Quantum Initiative

In calendar 2025, Governor Moore announced the Capital of Quantum initiative, a strategic partnership between the State; University of Maryland, College Park (UMCP); and private and federal partners. The aim of the initiative is to establish Maryland, anchored by UMCP, as one of the world’s top quantum epicenters. The fiscal 2027 allowance includes \$40 million to continue two projects related to the Capital of Quantum Initiative, including \$30 million in PAYGO funding and \$10 million in GO bonds. **Exhibit 6** shows the capital funding totaling \$100 million provided or anticipated from fiscal 2022 to 2028 for quantum-related projects. In addition, the fiscal 2026 budget included \$27.5 million in operating funding for quantum initiatives, and the fiscal 2027 allowance includes a further \$14.0 million.

**Exhibit 6**  
**Capital Funding for Quantum Initiatives**  
**Fiscal 2022-2028**  
**(\$ in Millions)**



UMEC: University of Maryland Enterprise Corporation

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

*H00\* – Department of General Services - Capital*

- ***Quantum and Advanced Computing Infrastructure:*** The General Assembly added \$10 million in GO bonds in each of fiscal 2022 and 2023 to build, renovate, and equip facilities related to research and commercialization of quantum and advanced computing at UMCP. The funds were used to renovate and equip vacant and underutilized space in the Atlantic and Artemesia buildings and to create space in a former UMCP warehouse (Paint Branch building) for the National Quantum Laboratory. Funds were also used to purchase equipment for use in four buildings (the Physical Sciences Complex, the Atlantic building, the Toll Physics building, and the Kim Engineering Building) to support quantum research with UMCP using institutional funds to renovate and upgrade utilities.
- ***UMEC – Capital of Quantum:*** The General Assembly added a \$10 million grant to the fiscal 2026 capital budget to UMEC for Capital of Quantum projects in the Discovery District. The fiscal 2027 allowance provides \$10 million in general funds and \$10 million in GO bonds to continue funding for the project.

Emerging and growth-stage quantum companies struggle to find adequate space due to laboratories requiring significant environmental controls, specialized infrastructure, and safety systems. Companies can face high costs and long delays retrofitting standard buildings thereby limiting growth potential. Funding will be used to fund tenant improvements for companies moving to the Discovery District such as building out of a mix of office and specialized laboratory space and equipping spaces with advanced quantum instruments, in addition to other building improvements.

It should be noted that UMCP purchased 5700 Rivertech Court in the Discovery District in calendar 2025, which provided a strategic opportunity for future growth as a hub for the Capital of Quantum initiative. In December 2016, UMCP entered into a memorandum of understanding (MOU) for Operating and Managing Real Property in which UMEC was authorized to operate, manage and lease property. In September 2025, UMCP formally designated this property as being subject to the MOU.

- ***IonQ Headquarters:*** The fiscal 2027 allowance includes \$20.0 million in general funds to support the design and construction of a new headquarters for IonQ, a quantum computing company that began as a startup at UMCP. The planned headquarters will include laboratories, a data center, office space, parking and access roads, and site improvements. The estimated total cost of the facility is \$186.1 million. The project received \$10 million in general funds and \$5.0 million in GO bond funding in fiscal 2026 and is expected to receive \$15.0 million in PAYGO funding in fiscal 2028, for a total State contribution of \$50.0 million (a State share of 26.9%). The GO bonds in fiscal 2026 were provided through DHCD's Seed Community Development Anchor Institution Fund; anticipated fiscal 2028 funding is not reflected in the CIP. Construction is expected to begin in February 2027.

### **Operating Support for Capital of Quantum**

The fiscal 2026 Budget Bill, as introduced, included \$17.5 million from the DPA to support the Capital of Quantum initiative, and § 21 of the fiscal 2026 Budget Bill added \$10.0 million for UMCP to provide funding for UMEC. These funds will be used for a variety of purposes to support this initiative, including hiring faculty members and test experts and as startup funding for the launch of the Capital of Quantum initiative, which may include some capital components such as purchasing equipment.

The fiscal 2027 allowance provides \$14.0 million to fund three quantum related initiatives at UMCP:

- \$7.0 million to bolster its quantum science program through a faculty hiring initiative, specifically those with expertise in information science and technology;
- \$5.0 million to support recruitment of test and evaluation experts at the Applied Research Laboratory for Intelligence and Security; and
- \$2.0 million to support operations of the Capital of Quantum Initiative to support new testbeds and to recruit and support quantum technology companies.