

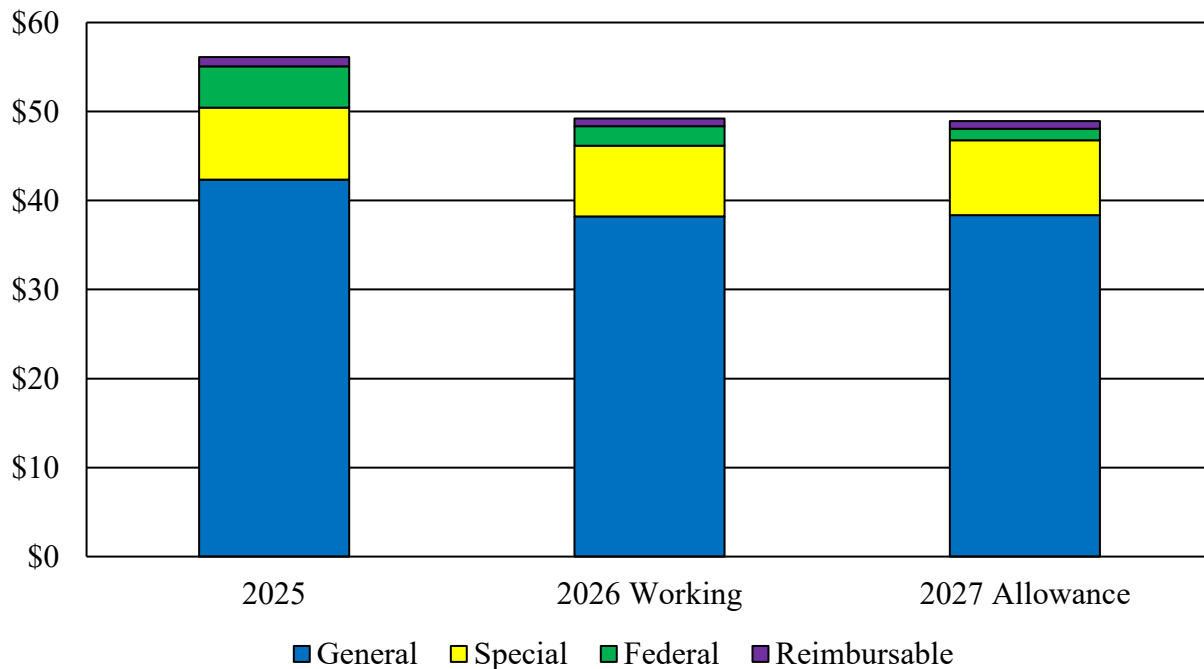
D40W01
Department of Planning

Program Description

The Maryland Department of Planning (MDP) provides information and services that aid State and local governments and nonprofit organizations in supporting desirable growth in Maryland and protecting and interpreting historic resources. MDP's goals are to provide efficient State Clearinghouse reviews of federal, State, and local plans and projects requiring intergovernmental coordination; provide timely data and intelligent tools to aid in implementation of State and local land use, conservation, community enhancement, and business development policies; support and enhance the vitality of towns, cities, and rural centers with existing or planned infrastructure; encourage economic development by enhancing historical resources and leveraging non-State investment; and protect and interpret historic resources.

Operating Budget Summary

**Fiscal 2027 Budget Decreases \$278,949, or 0.6%, to \$48.9 Million
(\$ in Millions)**



Note: The fiscal 2026 working appropriation accounts for deficiencies and planned reversions. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

For further information contact: Elizabeth Waibel

elizabeth.waibel@mga.maryland.gov

Fiscal 2026

Status of Legislative Additions

Section 21 of the fiscal 2026 Budget Bill included \$1 million for a grant to the Maryland Center for History and Culture and \$250,000 for a grant to the Maryland Humanities Council to support the Strengthening the Humanities Investment in Nonprofits for Equity (known as SHINE) grant program. MDP reports that grant agreements for both of these have been prepared and are awaiting signatures.

Section 21 also included \$300,000 for the Historical and Cultural Museum Assistance Program, which is being used to provide operational grants of up to \$20,000. Applications for the grants closed December 31, 2025, and 114 applications were received. The Maryland Historical Trust (MHT) board is expected to review funding recommendations at its March meeting. Level funding for this program is included in the fiscal 2027 allowance.

Proposed Deficiency

The budget as introduced includes fiscal 2026 deficiency appropriations totaling about \$1.3 million. Of the total, \$475,865 is to cover salary and fringe shortfalls related to lower than expected vacancy savings, \$125,000 is for maintenance and interpretive signage at the Jefferson Patterson Park and Museum (JPPM), and \$684,901 is to expend available federal grant funding. **Exhibit 1** shows the breakdown of proposed deficiency uses and fund sources.

Exhibit 1 Proposed Fiscal 2026 Deficiencies by Fund Source

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Reimb. Funds</u>	<u>Total</u>
Salary and Fringe Shortfalls	\$500,000	\$23,082	\$19,976	-\$67,193	\$475,865
JPPM Maintenance and Signage	30,000	71,000	0	24,000	125,000
Federal Grant Programs	0	0	684,901	0	684,901
Total	\$530,000	\$94,082	\$704,877	-\$43,193	\$1,285,766

JPPM: Jefferson Patterson Park and Museum

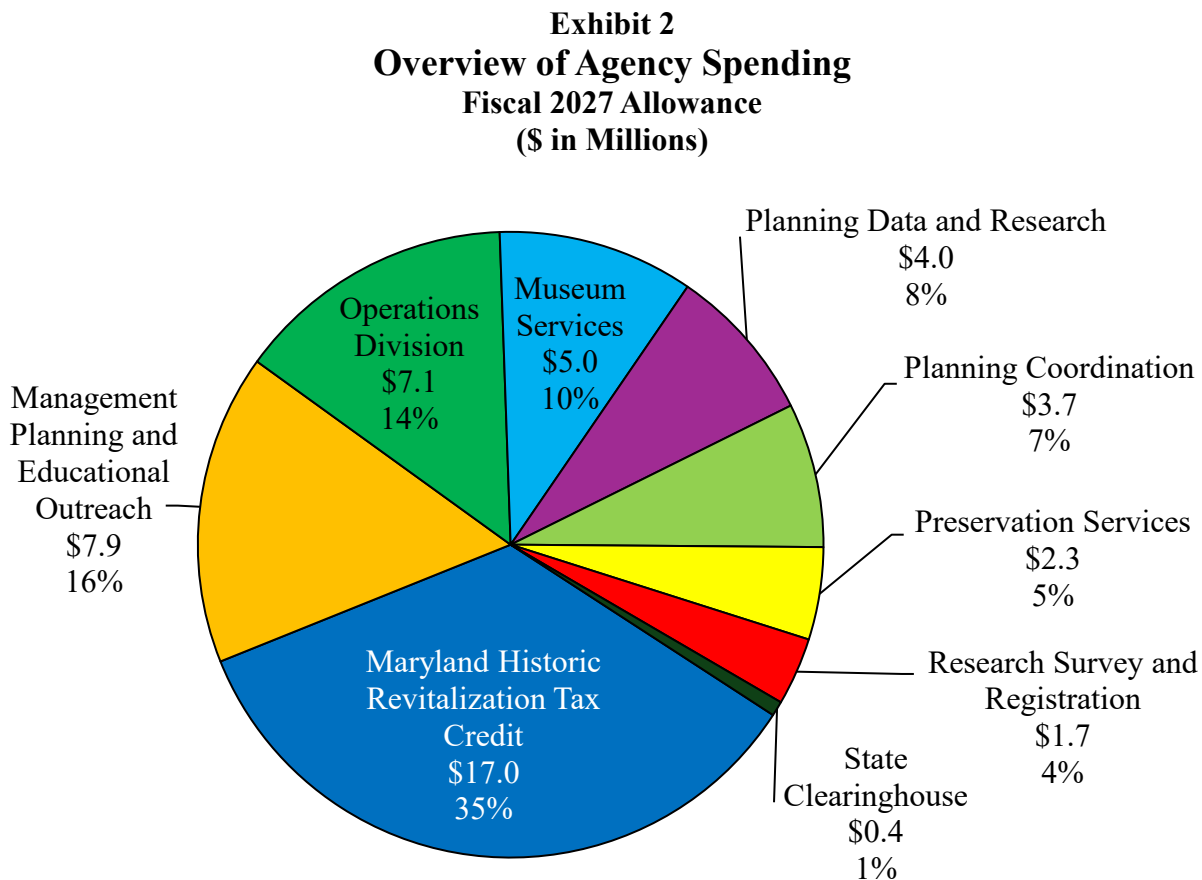
Source: Department of Legislative Services

Planned Reversions

The budget as introduced includes a planned reversion of \$180,000 in general funds that were provided in fiscal 2025 from the Contingency Fund to backfill operating shortfalls due to a delay in receiving expected federal funds. The federal funds ultimately were received, and the contingency funding was not needed, so the funds are being reverted to the General Fund.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance for MDP totals \$48.9 million. The agency is comprised of an administrative unit and seven programmatic units. The operating budget also includes the Maryland Historic Revitalization Tax Credit. **Exhibit 2** reflects the breakdown of the fiscal 2027 allowance among these units.



Note: The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

Source: Governor's Fiscal 2027 Budget Books

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- ***Maryland Historic Revitalization Tax Credit (\$17.0 Million, 35%):*** Provides State income tax credits to cover a portion of qualifying rehabilitation expenses at certified historic properties. Chapter 449 of 2022 as amended by the Budget Reconciliation and Financing Act (BRFA) of 2025 mandates \$16.5 million annually for competitive commercial credits in fiscal 2026 through 2028 and \$20 million annually in fiscal 2029 through 2031. The Governor is also required to include \$2 million annually for a small commercial program; the BRFA as introduced would reduce that mandate to \$500,000.
- ***Management Planning and Educational Outreach (\$7.9 Million, 16%):*** Provides administrative support for the Division of Historical and Cultural Programs and administers the Maryland Heritage Areas Authority program.
- ***Operations Division (\$7.1 Million, 14%):*** Provides administrative services for financial, personnel, procurement, and information technology needs and supports the Interagency Commission on School Construction.
- ***Museum Services (\$5.0 Million, 10%):*** Operates JPPM in Calvert County, which includes the Patterson House/Patterson Center and the Maryland Archeology Conservation Laboratory (MAC Lab), the State repository for archeological collections.
- ***Planning Data and Research (\$4.0 Million, 8%):*** Collects, analyzes, and publishes social, economic, and geographic information relating to the State and its political subdivisions; identifies and evaluates development issues in support of smart growth; and prepares reports and studies on specific topics for the Governor and the General Assembly. The program also makes available U.S. Census, American Community Survey, and other U.S. Department of Commerce information to State and local governments and the private sector.
- ***Planning Coordination (\$3.7 Million, 7%):*** Provides technical services to improve the planning and management capacity of local governments. The program, which includes Centreville, Cumberland, and Salisbury regional offices, helps local governments with land use planning and zoning as well as rural and urban design issues.
- ***Preservation Services (\$2.3 Million, 5%):*** Provides assistance to protect and enhance historical and cultural properties in Maryland through State and federal regulatory reviews, historic preservation easements, and historic rehabilitation tax credits. The program also administers capital loans and grants.
- ***Research, Survey, and Registration (\$1.7 Million, 4%):*** Provides assistance to advance research, documentation, evaluation, and retrieval of information about Maryland's historical and cultural resources through the Maryland Inventory of Historic Properties and National Register of Historic Places. The program also administers the noncapital Historic Preservation Grant program, the library, and the Geographic Information System.

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- **State Clearinghouse (\$0.4 Million, 1%):** Facilitates intergovernmental review and coordinates review of applications for federal and State financial assistance, proposals for direct federal development programs, drafts of environmental impact statements, plans requiring gubernatorial review, and other actions requiring intergovernmental coordination per the Federal Intergovernmental Cooperation Act.

Proposed Budget Change

As shown in **Exhibit 3**, MDP's fiscal 2027 allowance decreases by about \$279,000 compared to fiscal 2026 after accounting for deficiencies, planned reversions, and contingent reductions. The largest decreases from fiscal 2026 are due to legislative additions that do not continue (\$1.25 million in general funds), ending federal grant funding (\$462,000), and the one-time purchase of software for MHT in fiscal 2026 (\$340,000 in special funds).

Exhibit 3
Proposed Budget
Department of Planning
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2025 Actual	\$42,347	\$8,104	\$4,617	\$1,049	\$56,117
Fiscal 2026 Working	38,198	7,953	2,213	844	49,207
Fiscal 2027 Allowance	38,356	8,411	1,307	854	48,928
Fiscal 2026-2027 \$ Change	\$159	\$458	-\$905	\$10	-\$279
Fiscal 2026-2027 % Change	0.4%	5.8%	-40.9%	1.2%	-0.6%

Where It Goes:	Change
Personnel Expenses	
Employee and retiree health insurance	\$640
Salary and fringe benefits adjustments	425
Deferred compensation match due to statewide change in budgeting	48
Turnover rate change from 3.24% to 4.50%	-223
Other Changes	
Partially restore funding for the small commercial program of the Historic Revitalization Tax Credit	500
Preservation programs and grants	340
AAHPP noncapital grant program	250

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Where It Goes:	<u>Change</u>
Support for the Census Block Boundary Suggestion Program in preparation for the 2030 Census.....	200
Increase in funding for JPPM contingent on a BRFA provision adding it to the POS formula	197
Replacement field vehicle.....	44
Contractual personnel	-3
JPPM computer and laboratory equipment.....	-51
JPPM maintenance, repairs, and signage.....	-67
New software for the Maryland Historical Trust in fiscal 2026	-340
Federal grant funding for historic preservation, maritime heritage grants, Certified Local Government grants, technical assistance, and other purposes.....	-503
Fiscal 2026 legislative additions for grants to the Maryland Center for History and Culture and the Maryland Humanities Council	-1,250
Other	-16
Total	-\$279

AAHP: African American Heritage Preservation Program

BRFA: Budget Reconciliation and Financing Act

JPPM: Jefferson Patterson Park and Museum

POS: Program Open Space

Note: Numbers may not sum to total due to rounding. The fiscal 2026 working appropriation accounts for deficiencies and planned reversions. The fiscal 2027 allowance accounts for contingent reductions. The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

The largest increases are for partial restoration of the small commercial program of the Historic Revitalization Tax Credit (\$500,000 in general funds) and increases for various historic preservation programs and grants (\$340,000 in special funds). Chapter 622 of 2025 expanded the African American Heritage Preservation Program, a capital program funded by general obligation bonds, to allow it to receive grants and make noncapital grants, and the fiscal 2027 allowance includes \$250,000 in general funds for this purpose. The allowance also includes \$200,000 in general funds for contractual services to aid in reviewing the more than 80,000 census blocks in Maryland to make suggestions for revising the boundaries ahead of the 2030 U.S. Census.

Budget Reconciliation and Financing Act

The BRFA proposes reducing the mandate for the small commercial program of the Historic Revitalization Tax Credit from \$2.0 million to \$500,000 annually, and the budget as introduced includes a reduction of \$1.5 million in general funds contingent on the enactment of this provision. The tax credit program is discussed further in Key Observation 1.

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A BRFA provision would also expand the purposes and allowable uses of the Strategic Energy Investment Fund (SEIF) to include funding climate mitigation and resiliency efforts. The budget as introduced includes a \$131,529 reduction in general funds and \$131,591 in SEIF funding contingent upon the enactment of this provision. The SEIF fund swap would support an existing resilience planner position. **The Department of Legislative Services recommends adding more specific language to the contingent language so that it more closely matches the applicable BRFA provision.**

The BRFA also includes a provision to add JPPM to the Program Open Space (POS) funding formula to provide \$200,000 or a certain percentage of eligible POS funding, whichever is greater. A \$135,313 reduction in general funds and \$332,797 in special funds are contingent upon the enactment of this provision. The POS funding results in an overall increase in funding for JPPM of about \$197,000, much of which will support site operations and maintenance contracts at the expanded MAC Lab. Funding may also be used for increased heating fuel costs and offsite storage of artifacts while MAC Lab is undergoing construction.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	142.00	142.00	142.00	0.00
Contractual FTEs	<u>14.65</u>	<u>5.13</u>	<u>5.30</u>	<u>0.17</u>
Total Personnel	156.65	147.13	147.30	0.17

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	6.38	4.50%
Positions and Percentage Vacant as of 12/31/2025	13.00	9.15%
Vacancies Above Turnover	6.62	

- In October 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, including 170.7 vacant positions and 332.0 positions associated with the Voluntary Separation Program (VSP). In MDP, 7.0 positions were abolished, of which 5.0 were vacant, and 2.0 were due to the VSP. The 7.0 positions had a combined fiscal 2026 salary cost of \$531,659. The abolished positions were distributed across programs and included a natural resources specialist, administrative staff to the chief of operations and in the Western Maryland office, 2 MHT staff, and 2 JPPM staff.
- MDP had 13 regular personnel vacancies at the end of December 2025, 2 of which have

been vacant for more than a year, compared to 19 vacancies at the same time the previous year. One long-term vacancy for a web administrator was affected by the State government hiring freeze but was unfrozen recently, and MDP is working to begin the hiring process. The other is for a research and preservation specialist to work at MAC Lab, which is currently undergoing renovations. The position is supported by special funds generated by conservation work done for external clients, but due to the renovations, there is a lack of work and funding at present. MDP hopes that once the renovations are completed and MAC Lab reopens, there will again be sufficient revenue to support the position.

Key Observations

1. Historic Revitalization Tax Credit

The Maryland Historic Revitalization Tax Credit program provides a State income tax credit of up to 25% of the cost of substantial rehabilitation projects at historic properties. Credits are available through homeowner, competitive commercial, and small commercial tax credit programs. General funds are allocated each year to the Reserve Fund, which is then used to reimburse the General Fund in the year the income tax credits for commercial rehabilitation projects are claimed. Homeowner tax credits are not subject to an appropriated cap, and homeowners can claim the credits on their State tax returns in the year renovation projects are completed.

Competitive Commercial Program

The Historic Revitalization Tax Credit is the latest iteration of a program first created in 1996. The competitive commercial tax credit was shifted from a nonbudgeted to a budgeted program in fiscal 2006. For fiscal 2016 through 2022, annual funding for competitive commercial credits varied between \$3.5 million and \$9.0 million.

Chapter 449 amended the tax credit program to mandate \$20.0 million annually for competitive commercial credits in fiscal 2023 through 2031. The BRFA of 2025 temporarily lowered the amount that the Governor is required to include for competitive commercial credits to \$16.5 million annually from fiscal 2026 through 2028, with the mandate returning to \$20.0 million annually in fiscal 2029 through 2031.

In fiscal 2025, MHT, which manages the tax credit program, approved \$19.0 million in anticipated credits for 10 competitive commercial projects and certified \$8.3 million in credits for projects that applied in prior years and have since been completed.

Small Commercial Program

Tax credits for small commercial projects were nonbudgeted for much of the program's history but subject to an aggregate cap that was most recently set at \$5.0 million by Chapters 342

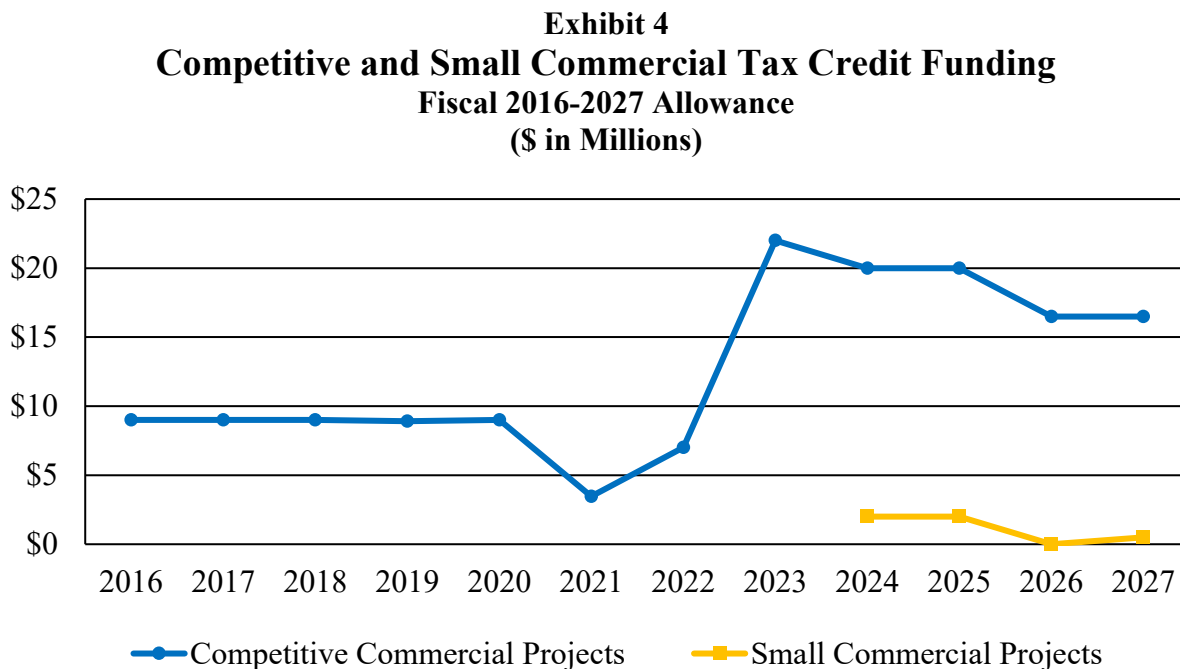
and 343 of 2021. Chapter 449 made the small commercial credit budgeted and mandated \$2.0 million annually in fiscal 2024 through 2031.

In fiscal 2024, following the introduction of mandated funding, the small commercial program approved \$1.5 million in anticipated credits. MDP notes that demand was particularly high that year because funding had not been available since fiscal 2021. In fiscal 2025, MHT approved \$357,466 in anticipated credits for nine projects through the small commercial program. For projects that applied in prior years and have since been completed, MHT certified \$621,669 in tax credits in fiscal 2025.

The trust account closed fiscal 2025 with an unencumbered balance of more than \$2.0 million. The fiscal 2026 Budget Bill as enacted eliminated funding for the small commercial project account due to the existing fund balance. Using the available fund balance, MDP has certified \$473,645 in anticipated credits so far in fiscal 2026.

While the fiscal 2027 allowance includes the mandated \$2.0 million for the small commercial projects trust account, the BRFA as introduced includes a provision to reduce mandated funding for the small commercial project trust account from \$2.0 million to \$500,000 beginning in fiscal 2027, and the budget bill includes a reduction of \$1.5 million contingent on the enactment of that provision.

Exhibit 4 shows dedicated funding for the competitive and small commercial tax credit programs in the annual budget since fiscal 2016 and through the fiscal 2027 allowance.



Source: Department of Legislative Services

2. Maryland 250 Commission

The Maryland 250 Commission (MD250) was established by executive order in July 2023 to encourage and facilitate the statewide observance of the two-hundred-and-fiftieth anniversary of the founding of the United States in 2026. MD250 replaced an earlier commission established for a similar purpose. MDP provides staffing and support for the commission, and the fiscal 2027 allowance includes level funding of \$250,000 in general funds for MD250. Through November 2025, MD250 received \$2.6 million from State, federal, and nonprofit sources.

In addition to statewide programs and outreach, the commission has awarded grant funding to local governments and organizations through three grant programs, reaching each of Maryland's counties and Baltimore City:

- ***Citizen Academy (24 Awards, \$21,500 Total):*** Supports free short-term educational programs to help residents learn about local government and civic engagement.
- ***Inclusive History (80 Awards, \$315,318 Total):*** Funds exploration of underrepresented narratives related to Marylanders' struggle for life, liberty, and the pursuit of happiness before, during, and after the American Revolution.
- ***MD250 Fellows (46 Awards, \$327,539 Total):*** Funds paid internships for work on a project related to one or more MD250 themes.

The largest single source of funds so far has been \$1.5 million in federal funds received through the American Rescue Plan Act (ARPA), about \$457,000 of which has been spent thus far on grants, administrative expenses, outreach, and other programming, including a Revolutionary Baseball video and outreach at minor league baseball games in the State. In addition to the grant programs listed above, planned spending for ARPA funding in calendar 2026 includes:

- ***Once in a Generation Grant Program (\$360,000):*** Grants of up to \$15,000 to local and regional 250 commissions or committees to support special events and programming;
- ***Freedom of the Press Project (\$80,000):*** Curation and preservation of artifacts from Maryland Gazette newspaper owners Jonas and Catherine Green, a traveling exhibit, and a community conference highlighting freedom of the press as protected by the First Amendment;
- ***Civics Moonshot (\$75,000):*** Statewide civics challenge, mock constitutional convention, statewide essay contest, and civics book club; and
- ***Sail250 Maryland and Airshow Baltimore (\$10,000):*** Gatherings of tall ships, military ships, and aircraft in celebration of the 250th anniversary of America's founding.

Operating Budget Recommended Actions

1. Modify the following language in the general fund appropriation:

, provided that this appropriation shall be reduced by \$131,529 contingent upon enactment of legislation expanding the allowable uses of the Strategic Energy Investment Fund to include programs and applicable initiatives related to State climate change mitigation and climate change resiliency efforts

Explanation: This language adds specificity to contingent language on the general fund appropriation so that it more closely matches the applicable Budget Reconciliation and Financing Act provision.

2. Modify the following language in the special fund appropriation:

, provided that \$136,591 of this appropriation is contingent upon enactment of legislation expanding the allowable uses of the Strategic Energy Investment Fund to include programs and applicable initiatives related to State climate change mitigation and climate change resiliency efforts

Explanation: This language adds specificity to contingent language on the special fund appropriation so that it more closely matches the applicable Budget Reconciliation and Financing Act provision.

Appendix 1
Object/Fund Difference Report
Department of Planning

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Wrk Approp</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	142.00	142.00	142.00	0.00	0.0%
02 Contractual	14.65	5.13	5.30	0.17	3.3%
Total Positions	156.65	147.13	147.30	0.17	0.1%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$18,195,320	\$19,499,347	\$20,051,693	\$552,346	2.8%
02 Technical and Special Fees	1,023,727	413,809	397,306	-16,503	-4.0%
03 Communications	58,749	188,659	185,628	-3,031	-1.6%
04 Travel	124,618	117,287	79,131	-38,156	-32.5%
06 Fuel and Utilities	289,619	403,686	403,686	0	0.0%
07 Motor Vehicle Operation and Maintenance	126,191	190,839	230,126	39,287	20.6%
08 Contractual Services	2,655,003	3,828,372	3,683,895	-144,477	-3.8%
09 Supplies and Materials	168,585	301,477	264,511	-36,966	-12.3%
10 Equipment – Replacement	58,592	34,320	0	-34,320	-100.0%
11 Equipment – Additional	56,324	35,000	0	-35,000	-100.0%
12 Grants, Subsidies, and Contributions	32,888,099	23,793,635	24,846,384	1,052,749	4.4%
13 Fixed Charges	472,487	580,809	552,773	-28,036	-4.8%
Total Objects	\$56,117,314	\$49,387,240	\$50,695,133	\$1,307,893	2.6%
Funds					
01 General Funds	\$42,346,593	\$38,377,581	\$40,123,104	\$1,745,523	4.5%
03 Special Funds	8,104,349	7,952,909	8,410,670	457,761	5.8%
05 Federal Funds	4,617,329	2,212,765	1,307,377	-905,388	-40.9%
09 Reimbursable Funds	1,049,043	843,985	853,982	9,997	1.2%
Total Funds	\$56,117,314	\$49,387,240	\$50,695,133	\$1,307,893	2.6%

Note: The fiscal 2026 appropriation includes proposed deficiency appropriations but does not include planned reversions. The fiscal 2027 allowance does not include contingent reductions or statewide salary adjustments budgeted within the Department of Budget and Management.