
House Appropriations Full Committee

March 20, 2025

D23
Maryland Cannabis Administration

Budget Amendment

D23A01.01 General Administration

Add the following language to the special fund appropriation:

, provided that \$100,000 of this appropriation made for the purpose of administrative expenses may not be expended until the Maryland Cannabis Administration (MCA) submits a report to the budget committees that details MCA’s community engagement efforts with neighborhood and community groups, local government officials, and private business impacted by the development of the Maryland Economic Development Corporation cannabis incubator facility capital project. The report shall be submitted by September 1, 2025, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled if the report is not submitted to the budget committees.

Explanation: The General Assembly is interested in learning more about the Maryland Economic Development Corporation cannabis incubator facility project and MCA’s engagement with the community and other stakeholders regarding this capital project.

Information Request	Author	Due Date
Report on cannabis incubator project	MCA	September 1, 2025

F10A02
Department of Budget and Management – Personnel

Committee Narrative

Adopt the following narrative:

Job-sharing Feasibility Study: The committees request that the Department of Budget and Management establish a comprehensive feasibility study of job-sharing arrangements in State government, examining technical, administrative, financial, and operational aspects of job-sharing. The study should apply generally to agencies in the State Personnel Management System and include feedback from the Maryland Department of Transportation. The report should include the following:

- Workday system capabilities regarding position sharing, including:
 - workarounds for benefits tracking, leave accrual, and payroll processing; and
 - the required system modifications and associated costs.
- Administrative process implications, including:
 - development of criteria for position eligibility;
 - performance evaluation frameworks for job-sharing employees;
 - leave management and scheduling coordination; and
 - change in workload on supervisors.
- Financial implications, including:
 - benefit costs for part-time employees at 50% full-time equivalent who remain eligible for full benefits;
 - potential additional costs or benefits per additional employee;
 - total projected costs across affected agencies;
 - estimated tax revenue impacts from maintaining employment that might otherwise be lost; and
 - comparison of benefits against the anticipated implementation costs.

- Long-term positive financial outcomes stemming from retirement and health coverage for job-share employees’.
- Recruitment considerations, including:
 - strategies for advertising shared and part-time positions;
 - addressing possible issues about job-sharing responsibilities; and
 - analysis of historical challenges filling part-time professional roles.
- Organizational change management considerations for agency adoption of job-sharing arrangements, including:
 - projected impact on employee morale and job satisfaction;
 - potential reduction in attrition rates and associated cost savings from decreased recruitment and training expenses; and
 - benefits of retaining a skilled and experienced workforce.
- Recommendations for successful implementation of a job-sharing program among State agencies.

It is the intent of the budget committees that the report also be submitted to the Governor.

Information Request	Author	Due Date
Job-sharing feasibility study	Department of Budget and Management	December 1, 2025

F10A02
Department of Budget and Management – Personnel

Committee Narrative

Adopt the following narrative:

Statewide Overtime Reports: The committees are concerned with the high level of spending on overtime across State agencies. It is the intent of the budget committees that the State reduce overtime hours worked and pay expended, as overtime earnings are more expensive than regular earnings. The committees request that the Department of Budget and Management submit two reports, due December 1, 2025, and May 1, 2026, on specific actions taken to work with agencies to reduce overtime. The reports should specifically address agencies with the highest amount of overtime hours and spending, including providing data on the current staffing levels and necessary staffing levels to eliminate or significantly reduce overtime. The reports should also address the financial impact of staffing shortfalls by comparing overtime expenses to the cost of filling the needed positions.

Information Request	Author	Due Date
Statewide overtime reports	Department of Budget and Management	December 1, 2025 May 1, 2026

F10A02
Department of Budget and Management – Personnel

Committee Narrative

Add the following section:

Section XX Vacancy Savings

SECTION XX. AND BE IT FURTHER ENACTED, That funds appropriated for salary and fringe adjustments and other personnel expenses are hereby reduced by **\$109,611,402** in general funds, **\$18,629,276** in special funds, and **\$11,291,406** in federal funds to account for vacant positions. Funding shall be reduced from within programs in the Executive Branch, Legislative Branch, and Judicial Branch agencies in Section 1 of this Act in accordance with a schedule determined by the Governor, the Presiding Officers, and the Chief Judge.

Explanation: The fiscal 2026 allowance assumes employee turnover of 7.26% on average across Executive Branch agencies, excluding higher education. Vacancies in the first half of fiscal 2025 have been 10% of the total position allotment on average. This action increases the average budgeted turnover rate to **9.50%**.

H00
Department of General Services

Budget Amendment

Add the following language to the general fund appropriation:

Further provided that \$150,000 of this appropriation made for the purpose of Executive Direction may not be expended until the Department of General Services submits a report to the budget committees on the agency’s new grant management system, including:

- (1) the number of grantees that have accessed the new system;
- (2) the number of active grants in the new system; and
- (3) the number of regular and contractual positions that operate the new system.

The report shall be submitted by December 1, 2025, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: In October 2024, The Department of General Services (DGS) launched a new grants management system to improve its management and oversight of miscellaneous capital grants. This language restricts funds pending a report on the new grant management system.

Information Request	Author	Due Date
Report on the new grant management system	DGS	December 1, 2025

H00
Department of General Services

Committee Narrative

H00G01.01 Office of Design, Construction and Energy

Energy Performance Contracts (EPC): The committees request that the Department of General Services (DGS) submit a report on the status of current EPCs, including for each EPC:

- the name of the vendor;
- the State agency covered by the EPC;
- the start date of the contract;
- the duration of the contract;
- the total value of the contract;
- facilities covered by the EPC listed by State agency; and
- projected energy and cost savings for the duration of the contract.

The report should also discuss:

- causes of the declining number of active EPCs in recent fiscal years;
- barriers to increasing the number of active EPCs;
- strategies to increase the number of active EPCs and address the identified barriers; and
- recommended policy or procedural changes to accelerate the implementation of EPCs.

Information Request

Author

Due Date

Report on EPCs

DGS

September 1, 2025

DLS Recommendation

Q00C
Community Supervision
Department of Public Safety and Correctional Services

Budget Amendment

Q00C02.01 Division of Parole and Probation – Support Services

Add the following language to the general fund appropriation:

Further provided that \$428,790 of this appropriation made for the purpose of purchasing body-worn cameras for community supervision agents is contingent upon enactment of legislation allowing the use of a body-worn digital recording device by a correctional officer.

Explanation: This action adds language to make the funding for body-worn cameras for community supervision agents contingent on the enactment of legislation.

Q00C
Community Supervision
Department of Public Safety and Correctional Services

Budget Amendment

Q00C02.01 Division of Parole and Probation – Support Services

Add the following language to the general fund appropriation:

Further provided that it is the intent of the General Assembly that body-worn camera policies and procedures be a mandatory subject of collective bargaining in any agreement between the Department of Public Safety and Correctional Services (DPSCS) and the employee union authorized to act on behalf of parole and probation agents.

Further provided that \$150,000 of this appropriation made for the purpose of general administration may not be expended until DPSCS, in consultation with the employee union authorized to act on behalf of parole and probation agents, submits a report to the budget committees on body-worn cameras for community supervision agents. The report shall include the following:

- (1) all estimated costs associated with providing body-worn cameras to community supervision agents;
- (2) actual fiscal 2026 year-to-date spending on body-worn cameras for community supervision agents;
- (3) policies and procedures regarding the use of body-worn cameras, specifying any differences for community supervision agents and other DPSCS employees; and
- (4) details on activities or pilot programs employed to train community supervision agents on the use of body-worn cameras.

The report shall be submitted to the budget committees no later than January 1, 2026. The budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: This language expresses the intent of the General Assembly that the usage of body-worn cameras be a mandatory subject of collective bargaining between DPSCS and the employee union authorized to act on behalf of parole and probation agents. This language also

restricts funds pending a report with details on the cost, policies, and training associated with the usage of body-worn cameras for community supervision agents.

Information Request	Author	Due Date
Report on body-worn cameras for community supervision agents	DPSCS	January 1, 2026

**Y01A
State Reserve Fund**

Budget Amendment

Amend the following language to the general fund appropriation:

OPEB Sweeper	25,000,000
Pension Sweeper	25,000,000

Explanation: This action amends line-item appropriations for funds that are being reduced by the General Assembly.

M00M
Developmental Disabilities Administration
Maryland Department of Health

Fiscal 2025 Deficiency

Budget Amendments

M00M01.02 Community Services

Add the following language to the general fund appropriation:

, provided that to reduce State-only funded services, the Developmental Disabilities Administration (DDA) shall require individuals receiving State-only funded services to apply for a DDA-operated Medicaid waiver and DDA shall continue to provide State-only funded services for individuals who currently receive State-only funded services and are waiting for an eligibility determination and for individuals found ineligible for DDA-operated Medicaid waivers.

Explanation: The fiscal 2025 working appropriation, including deficiency appropriations in the fiscal 2026 budget as introduced, contain general fund reductions to account for the implementation of various cost containment actions. This language specifies that DDA will continue funding certain individuals with State funds only and specifies how DDA shall implement a cost containment action in fiscal 2025.

Add the following language:

Provided that the Developmental Disabilities Administration shall not eliminate the geographical differential rate paid for services in certain local jurisdictions in fiscal 2025.

Explanation: The fiscal 2025 working appropriation, including deficiency appropriations in the fiscal 2026 budget as introduced, contain general fund reductions to account for the implementation of various cost containment actions. This language specifies a cost containment action that the Developmental Disabilities Administration may not implement in fiscal 2025.

Add the following language:

Provided that the Developmental Disabilities Administration shall not eliminate the Low Intensity Support Services program in fiscal 2025.

Explanation: The fiscal 2025 working appropriation, including deficiency appropriations in the fiscal 2026 budget as introduced, contain general fund reductions to account for the implementation of various cost containment actions. This language specifies a cost containment action that Developmental Disabilities Administration may not implement in fiscal 2025.

M00M
Developmental Disabilities Administration
Maryland Department of Health

Section 20 Fiscal 2025 Legislative Adds

SECTION 20. AND BE IT FURTHER ENACTED, That funds are added, and shall be available immediately upon this budget, to the fiscal 2025 working appropriation in the following manner:

- (1) \$34,224,704 in general funds is added to the appropriation for program M00M01.02 Community Services within the Developmental Disabilities Administration (DDA) within the Maryland Department of Health (MDH) for the purpose of restoring cost containment actions proposed for fiscal 2025 and shall be used as follows:
- (a) \$18,267,595 for the purpose of maintaining reasonable and customary wages for self-directed services at the current level. Further provided that DDA shall not lower reasonable and customary wages for self-directed services during fiscal 2025 compared to the wages in effect on November 21, 2024;
 - (b) \$13,600,000 for the purpose of fully funding dedicated support hours. Further provided that DDA shall not consider the availability of shared hours in a home when approving dedicated hours to support the medical, behavioral, or daytime residential support needs of an individual. MDH shall also restore any dedicated hours it removed from an individual's plan in fiscal 2025 that would have been in compliance with this policy; and
 - (c) \$2,357,109 for the purpose of fully funding the wage exception process for self-directed services. Further provided that DDA shall not eliminate the wage exception process for self-directed services in fiscal 2025.

Funds not expended for these added purposes may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: This section outlines funds added to the fiscal 2025 appropriation. The fiscal 2025 working appropriation, including deficiency appropriations in the fiscal 2026 budget as introduced, contains general fund reductions totaling \$96,603,839 to account for the implementation of various cost containment actions. This action fully restores funding for certain cost containment actions and prohibits certain cost containment actions.

M00M
Developmental Disabilities Administration
Maryland Department of Health

Budget Amendment

M00M01.02 Community Services

Add the following language:

Further provided that to reduce State-only funded services, the Developmental Disabilities Administration (DDA) shall require individuals receiving State-only funded services to apply for a DDA-operated Medicaid waiver and DDA shall continue to provide State-only funded services for individuals who currently receive State-only funded services and are waiting for an eligibility determination and for individuals found ineligible for a DDA-operated Medicaid waiver.

Further provided that DDA shall not establish a policy that would require youth transitioning into services from high school to enter in the traditional model for their first year of services.

Explanation: The fiscal 2026 budget as introduced contains general fund reductions to account for the implementation of various cost containment actions. This language specifies that DDA will continue funding certain individuals with State funds only and specifies cost containment actions that DDA may not implement in fiscal 2026.

M00M
Developmental Disabilities Administration
Maryland Department of Health

Fiscal 2026 Legislative Additions

\$132,240,000 in general funds and \$15,000,000 in special funds from the Community Services Trust Fund are added to the appropriation for program M00M01.02 Community Services within the Developmental Disabilities Administration (DDA) within the Maryland Department of Health for the purpose of restoring funds and modifying cost containment actions proposed for fiscal 2026. The funding shall be used as follows:

- (a) \$51,850,000 for the purpose of restoring funds for dedicated support hours. Further provided that the hourly payment rate for dedicated hours for fiscal 2026 shall be set at 86% of the fully loaded brick used to determine rates in fiscal 2026. DDA shall not consider the availability of shared hours in a home when approving dedicated hours to support the medical, behavioral, or daytime residential support needs of an individual;
- (b) \$37,690,000 for the purpose of funding a geographical differential rate paid for services in local jurisdictions where a geographical differential rate was paid in fiscal 2025. Further provided that DDA shall set the geographical differential rate for each service to no more than 10% above the standard rates set for the rest of the State. DDA shall not eliminate the geographical differential rates of up to 10%;
- (c) \$36,000,000 for the purpose of maintaining reasonable and customary wages for self-directed services at the current level. Further provided that DDA shall not lower reasonable and customary wages for self-directed services in fiscal 2026 compared to the wages in effect on November 21, 2024;
- (d) \$12,700,000 for the purpose of allowing wage exceptions for self-directed services that do not exceed 15% above the reasonable and customary wages for the standard maximum wage and 10% above the standard maximum wage for the geographical differential maximum wage;
- (e) \$7,000,000 for the purpose of removing the day-to-day administrator category of services from Individual and Family Directed Goods and Services and placing this category on a separate service line; and
- (f) \$2,000,000 for the Low Intensity Supports Services (LISS) program. Further provided that DDA shall establish a cap of \$500 per LISS participant per fiscal year.

Funds not expended for these added purposes may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund or be canceled;

DLS Recommendation

Section 21 Fiscal 2026 Legislative Additions

Budget Amendments

Section 21 Fiscal 2026 Legislative Additions

Add the following language to the general fund appropriation:

\$250,000 in general funds is added to the fiscal 2026 appropriation for program D05E01.10 Miscellaneous Grants to Private Nonprofit Groups within Board of Public Works for the purpose of providing a grant to the City of Hagerstown for the Hagerstown Public Safety Project Feasibility Study. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

Explanation: This action adds funding for the Hagerstown Public Safety Project Feasibility Study. The funding originally was budgeted in the Dedicated Purpose Account. Supplemental Budget No. 1 realigned the funding to the Department of General Services (DGS) – Miscellaneous Grants – Capital Appropriation. However, the funding is not capital eligible. This action retains the funding for the purpose originally intended, but moves the funding to an operating appropriation. The funding is deleted from DGS’ appropriation in a separate action.

Supplemental Budget No. 1

Budget Amendments

H00H01.03 Miscellaneous Grants – Capital Appropriation

Amend appropriation for the purposes indicated:

Funds

1. Delete general funds provided in Supplemental Budget No. 1 that realigned funds from the Dedicated Purpose Account for the Hagerstown Public Safety Project Feasibility Study to Miscellaneous Grants under the Department of General Services (DGS). Though the funding was realigned to DGS – Miscellaneous Grants – Capital Appropriation, the funding is not capital eligible. A separate action realigns the funding to the Board of Public Works for the purpose of providing a grant to the City of Hagerstown for the study. -250,000 GF

DLS Recommendation

SECTION XX. AND BE IT FURTHER ENACTED, That funds are added to the fiscal 2026 appropriation in the following manner:

- (1) \$27,000,000 in special funds is added for the purpose of funding the following programs and projects with pay-as-you-go funds in the following budget codes:
 - (a) \$9,000,000 in special funds from the energy efficiency, all other sectors distribution of the Strategic Energy Investment Fund (SEIF) is added to the appropriation for program R75T00.01 Support for State Operated Institutions for Higher Education for R13M00 Morgan State University to fund the design and construction of the new Science Center. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the SEIF;
 - (b) \$9,000,000 in special funds from the energy efficiency, all other sectors distribution of the SEIF is added to the appropriation for program R75T00.01 Support for State Operated Institutions for Higher Education for R30B24 Towson University to fund the construction and capital equipping of the demolition, renovation, and reconstruction of Smith Hall for the College of Fine Arts and Communication. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the SEIF;
 - (c) \$5,000,000 in special funds from the energy efficiency, all other sectors distribution of the SEIF is added to the appropriation for program R75T00.01 Support for State Operated Institutions for Higher Education for R30B21 University of Maryland, Baltimore Campus to fund the construction of a new School of Social Work building. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the SEIF; and
 - (d) \$4,000,000 in special funds from the energy efficiency, all other sectors distribution of the SEIF is added to the appropriation for program R75T00.01 Support for State Operated Institutions for Higher Education for R30B22 University of Maryland, College Park Campus to fund the construction and capital equipping of the new interdisciplinary engineering building – Zupnik Hall. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the SEIF.

Explanation: This language authorizes the use of pay-as-you-go special funds from the SEIF energy efficiency account to fund the sustainability components included in the scope of work for the projects listed. The use of the funds for this purpose will allow for an equivalent reduction to the general obligation bond authorization for each project.

BRFA
Amendment to HB 352

Description: Amend Section 7-717 of the Health – General Article to modify subsection (d) (1) to allow the Developmental Disabilities Administration (DDA) within the Maryland Department of Health to establish a cap of no less than \$500 of low intensity support services per individual per fiscal year to a qualifying individual.

Explanation: This action adds a new provision to the Budget Reconciliation and Financing Act of 2025 to allow DDA to establish a cap of no less than \$500, instead of no less than \$2,000 as currently specified in statute, per fiscal year per qualifying individual for services within the Low Intensity Support Services program.

BRFA
Amendment to HB 352

Description: Amend Section 24-1105 of the Health – General Article to expand the allowable use of the Community Services Trust Fund to include provider reimbursements in the Developmental Disabilities Administration (DDA) Community Services program within Maryland Department of Health for fiscal 2026 only.

Explanation: This action adds a new provision to the Budget Reconciliation and Financing Act of 2025 to authorize the use of funds from the Community Services Trust Fund for provider reimbursements under the DDA Community Services program for fiscal 2026 only.

Sections

Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That for fiscal year 2026, the general fund appropriations in Section 1 of this Act for Executive Branch shall be reduced by \$97,000,000. This reduction may be allocated to any object or subobject of expenditure related to agency operations in accordance with a schedule determined by the Governor, except that the reduction shall not be applied to: (1) Debt Service; (2) K-12 Education; (3) the Maryland Department of Health Developmental Disabilities Administration; (4) the Department of Human Services Assistance Payments Program; or (5) Medical Assistance eligibility. The Department of Budget and Management shall submit detail on the allocation of these reductions by program, to the budget committees and the Department of Legislative Services by July 1, 2025.

Explanation: This action represents a placeholder for reductions expected in a Supplemental Budget No. 2.

Information Request	Author	Due Date
Reduction Detail	DBM	July 1, 2025

C81C
Office of the Attorney General

BRFA

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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2. Add the following language to the general fund appropriation: Concur.

, provided that this appropriation shall be reduced by \$350,000 contingent upon the enactment of legislation ~~reducing~~ altering the mandate ~~for general funds~~ in the Consumer Protection Division.

Explanation: This language is a technical correction to align the text of the budget bill with the Budget Reconciliation and Financing Act.

3. Add the following language to the special fund appropriation: Concur.

, provided that \$350,000 of the appropriation is contingent upon the enactment of legislation ~~reducing~~ altering the mandate ~~for general funds~~ in the Consumer Protection Division.

Explanation: This language is a technical correction to align the text of the budget bill with the Budget Reconciliation and Financing Act.

M00Q01
Medical Care Programs Administration
Maryland Department of Health

Budget Amendments

M00Q01.03 Medical Care Provider Reimbursements

Amend appropriation for the purposes indicated:	<u>Funds</u>	<u>Positions</u>
1. Reduce special funds for Medicaid expenses supported with the Cigarette Restitution Fund (CRF) to transfer the CRF support to Statewide Academic Health Center cancer research grants. A separate action backfills this special fund reduction with general funds.	-15,000,000	SF
 Total Change	 -15,000,000	 0.00

Fiscal 2026 Legislative Additions

\$15,000,000 in general funds is added to the appropriation for program M00Q01.03 Medical Care Provider Reimbursements – Medical Care Programs Administration within the Maryland Department of Health for the purpose of provider reimbursements in Medicaid. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

BRFA Amendment
Article – Health – General

15–157.

- (A) In this section, “Fund” means the Medicaid Primary [Card] CARE Program Fund.
- (B) There is a Medicaid Primary [Card] CARE Program Fund in the Department.
- (C) The purpose of the Fund is to serve as the foundation for advancing primary care in the State under the Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model.
- (D) The Department shall administer the Fund.
- (E) (1) The Fund is a special, non-lapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(2) The State Treasurer shall hold the Fund separately, and the Comptroller shall account for the Fund.
- (F) The Fund consists of:
 - (1) Money appropriated in the State budget to the Fund;
 - (2) Hospital payments administered ON A ONE-TIME BASIS, THROUGH A UNIFORM AND BROAD-BASED ASSESSMENT VIA THE MEDICARE SAVINGS COMPONENT FOR CALENDAR YEAR 2023 by the Health Services COST Review Commission; and
 - (3) Any other money from any other source accepted for the benefit of the Fund.
- (G) The Fund may be used to:
 - (1) Implement a Medicaid Primary Care Advanced Payment Model Program as required under the AHEAD cooperative agreement; and
 - (2) Support primary care providers serving enrollees of the Medical Assistance Program through investments that include increased reimbursement for evaluation and management codes, care management fees to eligible practices, and quality incentives.
- (H) (1) The State Treasurer shall invest the money of the Fund in the same manner as other State money may be invested.

(2) Any interest earnings of the Fund shall be credited to the General Fund of the State.

(I) Expenditures from the Fund may be made only in accordance with the State budget.

Explanation: This amendment corrects the name of the Medicaid Primary Care Program Fund and further specifies that the Fund will consist of a uniform and broad-based assessment via the Medicare Savings component for Calendar Year 2023.

DLS Recommendation

S00

Department of Housing and Community Development – PAYGO

Budget Amendment

S00A24.02 Neighborhood Revitalization – Capital Appropriation

Strike the following language from the general fund appropriation:

~~, provided that this appropriation shall be reduced by \$50,000,000 contingent upon the enactment of legislation allowing mandated funds for the Continuing the CORE Partnership Fund to be funded through general obligation bonds~~

Explanation: This action is a technical amendment to strike language making a reduction contingent on legislation. A separate action reduces the funds directly in the budget.

P00
Maryland Department of Labor

BRFA	Amount Change	Position Change	Agency Response Hearing Notes	House Decisions	Senate Decisions
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2. Add the following language to the special fund appropriation:

. provided that the appropriation made for the purpose of the Purse Dedication Account (PDA) shall be reduced by \$13,849,244 contingent on the enactment of legislation reducing the share of video lottery terminal proceeds distributed to the PDA from 6% to 5%.

Explanation: This action reduces \$13.8 million from the special fund appropriation for the PDA contingent on the enactment of legislation reducing the share of video lottery terminal proceeds distributed to the PDA from 6% to 5%.

3. Add the following language to the special fund appropriation:

. provided that \$33,000,000 of this appropriation made for the purpose of the Unemployment Insurance Administrative Expense Fund is contingent on the enactment of legislation establishing an administrative fee for unemployment insurance.

Explanation: This action adds language making the \$33.0 million from the new special fund (Unemployment Insurance Administrative Expense Fund) for the Office of Unemployment Insurance contingent on the enactment of legislation establishing the administrative fee.

Disagree due to reductions already occurring for the racing industry in fiscal 2026.

Concur.

F50
Department of Information Technology

BRFA	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Strike the following language on the general fund appropriation:

~~Further provided that this appropriation shall be reduced by \$13,820,979 contingent upon the enactment of legislation eliminating the mandate for expedited projects.~~

Explanation: This action strikes contingent language on the general fund reduction in the mandated appropriation for expedited projects as a technical correction. The language specifies that the reduction of \$13,820,979 in general funds is contingent on legislation eliminating the mandate for expedited projects. A separate action deletes all of the funding for expedited projects.
3. Delete general funds for expedited projects in -\$ 28,820,979 GF Information Technology Investment Fund. This action will delete general fund set aside in fiscal 2026 for expedited funds considering the delay in setting up criteria to define which Major Information Technology Development Projects are eligible to be determined expedited projects.

Disagree. DoIT expects to have criteria for expedited projects in place before the beginning of fiscal 2026. DoIT recommends reducing the expedited funds by 50% from \$28.8 million to \$14.4 million in fiscal 2026.

Y01A
State Reserve Fund

BRFA	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Strike the following language to the general fund appropriation: Concur.

~~, provided that \$419,999,483 of this appropriation shall be reduced contingent upon enactment of legislation eliminating the required Revenue Stabilization Account appropriation for fiscal 2026.~~

Explanation: This action strikes contingent language that is not needed for the General Assembly to reduce the appropriation directly.

2. Reduce the appropriation to the Revenue Stabilization -\$ 419,499,483 GF Account. Adequate funding exists to meet Spending Affordability Committee goals without the statutory appropriation in fiscal 2026. Concur.

3. Strike the following language to the general fund appropriation: Concur.
~~, provided that \$25,000,000 of this appropriation shall be reduced contingent upon enactment of legislation eliminating the fiscal 2026 payment to the Retirement Health Benefits Trust Fund.~~

Explanation: This action strikes contingent language that is not necessary for the General Assembly to reduce the appropriation directly.

4. Strike the following language to the general fund appropriation: Concur.

~~Further provided that \$25,000,000 of this appropriation shall be reduced contingent upon enactment of legislation reducing the amount of retirement reinvestment contributions.~~

Explanation: This action strikes contingent language that is not necessary for the General Assembly to reduce the appropriation directly.

Y01A
State Reserve Fund

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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| <p>BRFA</p> <p>6. Delete funds for the Pension Trust Fund sweeper contribution. Adequate funding exists to meet State obligations without the statutory appropriation in fiscal 2026.</p> | <p>-\$ 25,000,000 GF</p> | | <p>Concur.</p> | | |
| <p>13. Delete funds for the other postemployment benefits trust fund sweeper contribution.</p> | <p>-\$ 25,000,000 GF</p> | | <p>Concur.</p> | | |

T00
Department of Commerce

BRFA	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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9. Strike the following language in the general fund appropriation:

~~provided that this appropriation shall be reduced by \$119,451 contingent upon the enactment of legislation that eliminates the Maryland State Arts Council's General Fund mandate~~

Explanation: This action strikes contingent language that is not needed for the General Assembly to reduce the appropriation directly.
10. Reduce Maryland State Arts Council base funding to -\$ 437,220 GF
the fiscal 2025 working appropriation level.

Disagree. Commerce recommends that if a reduction is necessary, it should be the \$119,451 reduction in the proposed budget. Reducing MSAC funding would mean MSAC would offer fewer grants to Maryland's artists and arts community.

BRFA AMENDMENT
ARTICLE – STATE PERSONNEL AND PENSIONS

21-304

(b)

(5) EXCEPT AS PROVIDED SUBPARAGRAPH (6) OF THIS SUBSECTION, the difference between the total employer contribution for local employees and the local share of the total employer contribution for all local employees shall be the obligation of the State.

(6) (I) SUBJECT TO § 21-309.2 OF THIS SUBTITLE AND AS PROVIDED UNDER SUBPARAGRAPHS (II) OF THIS PARAGRAPH, BEGINNING IN FISCAL YEAR 2026, EACH COUNTY GOVERNMENT SHALL PAY TO THE BOARD OF TRUSTEES THE FOLLOWING AMOUNTS:

COUNTY GOVERNMENT

ALLEGANY	754,195
ANNE ARUNDEL	9,738,875
BALTIMORE CITY	8,802,114
BALTIMORE	10,352,112
CALVERT	1,647,480
CAROLINE	561,645
CARROLL	2,624,055
CECIL	1,327,122
CHARLES	2,786,366
DORCHESTER	590,506
FREDERICK	5,925,608
GARRETT	269,208
HARFORD	3,685,077
HOWARD	6,830,167
KENT	165,489
MONTGOMERY	20,861,475
PRINCE GEORGE’S	13,000,062
QUEEN ANNE’S	691,279
ST. MARY’S	1,562,014
SOMERSET	314,066
TALBOT	452,957
WASHINGTON	2,397,889
WICOMICO	1,704,888
WORCESTER	699,872

(II) A. FOR FISCAL YEAR 2026, EACH COUNTY GOVERNMENT SHALL PAY TO THE BOARD OF TRUSTEES ON OR BEFORE JANUARY 1, 2026, THE REQUIRED AMOUNT PROVIDED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

B. BEGINNING IN FISCAL YEAR 2027, EACH COUNTY GOVERNMENT SHALL PAY TO THE BOARD OF TRUSTEES ON OR BEFORE SEPTEMBER 1 OF EACH FISCAL YEAR, THE REQUIRED AMOUNT PROVIDED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(III) IN EACH FISCAL YEAR, THE AMOUNTS PAID UNDER SUBPARAGRAPHS (II) OF THIS SUBSECTION SHALL REDUCE THE OBLIGATIONS BY THE STATE WITH RESPECT TO THE TEACHERS' PENSION SYSTEM AND THE TEACHERS' RETIREMENT SYSTEM BY THE SAME AMOUNTS.

§ 21-309.2

(A) FOR PURPOSES OF MAKING DETERMINATIONS REQUIRED UNDER THIS SECTION, THE TEACHERS' PENSION SYSTEM AND TEACHERS' RETIREMENT SYSTEM SHALL BE CONSIDERED TOGETHER AS ONE STATE SYSTEM.

(B) (1) FOR FISCAL YEAR 2026, EACH COUNTY GOVERNMENT SHALL PAY TO THE BOARD OF TRUSTEES ON OR BEFORE JANUARY 1, 2026, THE AMOUNT SPECIFIED FOR THAT COUNTY GOVERNMENT UNDER § 21-304(B)(6) OF THIS SUBTITLE.

(2) BEGINNING IN FISCAL YEAR 2027, EACH COUNTY GOVERNMENT SHALL PAY TO THE BOARD OF TRUSTEES ON OR BEFORE SEPTEMBER 1 OF EACH FISCAL YEAR, THE AMOUNT SPECIFIED FOR THAT COUNTY GOVERNMENT UNDER § 21-304(B)(6) OF THIS SUBTITLE.

(B) (1) THE SECRETARY OF THE BOARD OF TRUSTEES MAY ALLOW A GRACE PERIOD NOT TO EXCEED 10 CALENDAR DAYS FOR PAYMENT OF THE AMOUNTS CERTIFIED UNDER THIS SECTION.

(2) (I) IF A COUNTY GOVERNMENT DOES NOT PAY THE AMOUNTS REQUIRED UNDER THIS SECTION WITHIN THE TIME REQUIRED, ON NOTIFICATION BY THE SECRETARY OF THE BOARD OF TRUSTEES THAT A DELINQUENCY EXISTS, THE STATE COMPTROLLER IMMEDIATELY SHALL EXERCISE THE RIGHT OF SETOFF AGAINST ANY MONEY DUE OR COMING DUE TO THE DELINQUENT COUNTY GOVERNMENT; AND

(II) SHALL PAY TO THE BOARD OF TRUSTEES THE DELINQUENT AMOUNTS, INCLUDING INTEREST, WITHHELD UNDER THIS PARAGRAPH.

(C) ON RECEIPT OF THE PAYMENTS FROM EACH COUNTY GOVERNMENT OR THE STATE COMPTROLLER, THE BOARD OF TRUSTEES SHALL CREDIT THESE AMOUNTS TO THE ACCUMULATION FUNDS OF THE TEACHERS' PENSION SYSTEM AND TEACHERS' RETIREMENT SYSTEM.

Explanation: Makes technical amendments to the provision in the Budget and Reconciliation Act as introduced, including to clarify the timing for required payments by the county governments, with a delayed payment in the first year (January 1) to allow time for necessary system adjustments, and then changing to September 1 in subsequent years. In addition, the amendment clarifies what would happen if the county government does not make the required payment.

DLS Recommendation

R00A02
Aid to Education
Maryland State Department of Education

Budget Amendment

R00A02.03 Aid for Local Employees Fringe Benefits

Add the following language to the general fund appropriation:

, provided that this appropriation shall be reduced by ~~\$92,937,289~~ \$188,483,072 contingent upon the enactment of legislation altering the local share of teacher retirement costs.

Explanation: This a technical item to reflect a modification in the Budget Reconciliation Financing Act of 2025 to alter the cost share for certain retirement costs. This action increases the reduction contingent on legislation to reflect 100% of the fiscal 2026 year-over-year increase in employer contributions, including funds added in Supplemental Budget No. 1.

R626I0005
Aid to Community Colleges

Budget Amendment

R62I00.06 Aid to Community Colleges Fringe Benefits

Add the following language to the general fund appropriation:

, provided that ~~\$4,807,230~~ \$9,766,831 of this appropriation shall be reduced contingent upon the enactment of legislation reducing the State's share of retirement costs at community colleges

Explanation: This a technical item to reflect a modification in the supplemental budget and the Budget Reconciliation Financing Act of 2025 provision related to altering the cost share for certain retirement costs including those budgeted in the Aid to Community Colleges Fringe Benefits program. This action increases the reduction contingent on legislation to reflect 100% of the fiscal 2026 year-over-year increase in employer contributions.

BRFA Amendment

Add the following to Section 14:

(XX) \$5,000,000 from the Mortgage Loan Servicing Practices Settlement Fund established under §7-328 of the State Finance and Procurement Article.

Explanation: This action would authorize the Governor to transfer \$5.0 million from the Mortgage Loan Servicing Practices Settlement Fund to the General Fund on or before June 30, 2025.

**BRFA
Amendment to HB 352**

Description: Modify Section 18 of the Budget Reconciliation and Financing Act (BRFA) of 2025 as introduced to increase the proposed fund balance transfers from specified Health Professional Boards to a total of \$9,489,874 by adding transfers from three additional boards' funds (the State Board of Professional Counselors and Therapists Fund, the State Board of Occupational Therapy Practice Fund, and the State Board of Examiners of Psychologists Fund), increasing the proposed transfer amount for two boards' funds (the State Board of Examiners for Audiologists, Hearing Aid Dispensers, Speech-Language Pathologists, and Music Therapists Fund and the State Board of Dietetic Practice Fund), decreasing the proposed transfer for one of the board's funds (the State Board of Acupuncture Fund), and eliminating the proposed transfer for two boards' funds (the Kidney Disease Fund and the State Board of Examiners in Optometry Fund). **Exhibit 1** shows the fund balance transfers by boards in the BRFA as introduced and as proposed in this amendment.

**Exhibit 1
Special Fund Balance Transfers
Fiscal 2026**

	<u>BRFA as Introduced</u>	<u>BRFA as Amended</u>
Acupuncture	-\$332,957	-\$119,022
Audiologists	-\$720,938	-\$837,313
Chiropractic	-\$40,699	-\$40,699
Counselors/Therapists	\$0	-\$4,497,322
Dental	\$0	\$0
Dietetic	-\$371,904	-\$418,756
Kidney Disease	-\$96,654	\$0
Massage Therapy	\$0	\$0
Morticians	\$0	\$0
Nurses	\$0	\$0
Occupational Therapy	\$0	-\$1,059,742
Optometry	-\$191,016	\$0
Pharmacy	\$0	\$0
Physical Therapy	-\$284,592	\$0
Physicians	-\$1,570,750	-\$1,570,750
Podiatric	\$0	\$0
Psychologists	\$0	-\$946,269
Social Work	-\$408,218	\$0
Total Fund Balance Transfers	-\$4,017,728	-\$9,489,874

Explanation: A proposed action in the BRFA of 2025 as introduced authorizes the Governor to transfer a total of \$4,017,728 from the fund balances of nine health professional licensing boards to the Behavioral Health Administration (BHA) within the Maryland Department of Health, so long as the fund balance transfers occur by June 30, 2026. This action increases the authorized fund balance transfers from various health professional boards and commissions to BHA by \$5,472,146, resulting in a total transfer of \$9,489,874 in special funds to BHA.

M00L
MDH – Behavioral Health Administration

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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BRFA

1. Modify the following language to the general fund appropriation:
 , provided that \$4,017,728 of this appropriation shall be reduced contingent upon the enactment of legislation authorizing the transfer of excess special fund balance from the State Board of Acupuncture, the State Board of Dietetic Practice, the State Board of Chiropractic Examiners, the State Board of Examiners in Optometry, the State Board of Physical Therapy Examiners, the State Board of Social Work Examiners, the State Board of Audiologists, Hearing Aid Dispensers and Speech Language Pathologists, the State Commission on Kidney Disease, and the State Board of Physicians various health occupation boards to the Behavioral Health Administration.

Disagree – MDH referred to the Boards’ opposition to the authorization to transfer balances, and the proposed increase in authorized amount.

Explanation: A provision in the Budget and Reconciliation Financing Act (BRFA) of 2025 authorizes the transfer of excess board balances to the Behavioral Health Administration. Language in the fiscal 2026 Budget Bill reduces the general fund appropriation contingent on this legislation and increases the special fund appropriation by the same amount. An action in the BRFA alters the health occupation boards from which funds are transferred and increases the total transfer. This action alters the language to reflect changes in the boards from which the transfers will occur and increases the general fund reduction contingent on the authorized transfer. The Maryland Department of Health is authorized to process a budget amendment to increase the special fund appropriation by the additional \$6,059,395 that is transferred under the modified provision.

6. Modify the following language to the special fund appropriation:
 , provided that \$4,017,728 of this appropriation is contingent upon the enactment of legislation authorizing the transfer of excess special fund balance from the State Board of Acupuncture, the State Board of Dietetic Practice, the State Board of Chiropractic Examiners, the State Board of Examiners in Optometry, the State Board of Physical Therapy Examiners, the State Board of Social Work Examiners, the State Board of Audiologists, Hearing Aid Dispensers and Speech Language Pathologists, the State Commission on Kidney Disease, and the State Board of Physicians various health occupation boards to the Behavioral Health Administration.

Disagree – MDH referred to the boards’ opposition.

M00L
MDH – Behavioral Health Administration

BRFA	<u>Amount</u>	<u>Change</u>	<u>Position</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House</u>	<u>Senate</u>
						<u>Decisions</u>	<u>Decisions</u>

Explanation: A provision in the Budget and Reconciliation Financing Act (BRFA) of 2025 authorizes the transfer of excess board balances to the Behavioral Health Administration. An action in the BRFA alters the health occupation boards from which funds are transferred and increases the total transfer. This action alters the language to reflect changes in the boards from which the transfers will occur. The Maryland Department of Health is authorized to process a budget amendment to increase the special fund appropriation for the additional \$6,059,395 that is transferred under the modified provision.

M00Q01
MDH – Medical Care Programs Administration

BRFA

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
2.	Reduce general funds within the Medicaid program and authorize a budget amendment to be processed to replace these funds with special funds in recognition of available Cigarette Restitution Fund support.	-\$ 25,000,000 GF		Disagree, due to uncertain timing of payment from litigation with tobacco manufacturers.		
6.	Reduce general funds budgeted to account for hospital assessment revenue collected by the Health Services Cost Review Commission to be transferred to the Medicaid Primary Care Fund and authorize a budget amendment to replace these funds with special funds.	-\$ 16,000,000 GF		Disagree, agency indicates it would add contingent language through a supplemental budget to reduce the funds.		

U00A
Department of the Environment

BRFA	Amount Change	Position Change	Agency Response	House Decisions	Senate Decisions
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1. Add the following language to the general fund appropriation:

Further provided that \$20,000,000 of this appropriation made for the purpose of operating expenses is reduced contingent upon enactment of HB 352/SB 321 authorizing the appropriation for the Clean Water Commerce Account to support operating expenses in the Water and Science Administration in fiscal 2026 only.

Explanation: The Clean Water Commerce Account receives an annual special fund appropriation of \$20.0 million from the Bay Restoration Fund (BRF) – Wastewater Account to purchase nitrogen reductions from environmental practices with a life of at least 10 years. The BRF Advisory Committee’s 2025 annual status report – dated January 2025 – notes that the Maryland Department of the Environment is in the process of finalizing, scoring, and ranking of projects from the fiscal 2024 Clean Water Commerce Act solicitation. This suggests that there is a delay in soliciting funds for projects. In addition, statute authorizes that any unencumbered funds not used during the fiscal year for projects in specified categories become available in subsequent fiscal years for eligible environmental practices. Therefore, this action authorizes the fiscal 2026 funding for the Clean Water Commerce Account to be used to defray operating expenses in the Water and Science Administration in fiscal 2026 only, given the delay in solicitations, the ability to use prior year unencumbered funds, and the fiscal situation of the State.

Disagree. The Clean Water Commerce Act efficiently allocates resources, delivering excellent outcomes for taxpayers. Using these funds for water quality and infrastructure improvements aligns with the recommendations of the Chesapeake Bay Comprehensive Evaluation of System Response report and has been endorsed by the budget committees in the past as a pay-for-performance measure.

Additional Items

DLS Recommendation

F10A02

Department of Budget and Management – Personnel

Budget Amendment

F10A02.08 Statewide Expenses

Add the following language to the general fund appropriation:

Further provided that the appropriation made for the purpose of funding health reimbursement accounts is reduced by \$3,118,182 contingent on the enactment of legislation expanding the use of Senior Prescription Drug Assistance Program.

Explanation: This action provides general fund relief by using Senior Prescription Drug Assistance Program funding to support health reimbursement account costs for retirees transitioned to Medicare Part D contingent on legislation expanding the authorized uses of the fund.

Add the following language to the special fund appropriation:

Further provided that \$3,118,182 of this appropriation made for the purpose of funding health reimbursement accounts is contingent on the enactment of legislation expanding the use of Senior Prescription Drug Assistance Program.

Explanation: This action makes \$3.1 million of the special fund appropriation to the Statewide Expenses account contingent on legislation authorizing the expanded use of funds. The funds are currently appropriated through the Senior Prescription Drug Assistance Program (SPDAP) to the Statewide account to fund health reimbursement accounts for retirees transitioned to Medicare Part D. While the Budget and Reconciliation Act of 2024 authorized use of these funds for this purpose in fiscal 2025, no such authorization exists for fiscal 2026. While the Department of Budget and Management stated that the \$3.1 million was mistakenly identified as SPDAP funding, this action maintains the appropriation due to the fiscal condition of the State and the need for general fund relief.

K00A
Department of Natural Resources

Budget Reconciliation and Financing Act Provision

LAND ACQUISITION AND PLANNING/MARYLAND PARK SERVICE

Original DLS Provision: Redirects to the General Fund from fiscal 2026 through 2029, transfer tax revenues that would otherwise be provided to Program Open Space (POS) State, Maryland Agricultural Land Preservation Program and Rural Legacy Program; reduces by 50% the amount of transfer tax revenues distributed to POS Local and directs the funds to the General Fund for fiscal 2026 through 2029; and provides for a base allocation of \$40 million, inflated annually, to the Maryland Park Service (MPS) from fiscal 2027 through 2029 from transfer tax revenues.

House Modification: Remove the MPS provision and modify the transfers to be \$25.0 million annually between fiscal 2026 through 2029. The amount transferred is to be allocated proportional to estimated revenues received by each of the following land preservation programs: POS State land acquisition; Rural Legacy Program; and Maryland Agricultural Land Preservation Program.

Explanation: The original DLS provision would increase general fund revenues by \$48.8 million in fiscal 2026, increasing through fiscal 2029 and would reduce general fund expenditures by an estimated \$10 million in fiscal 2027, \$4.3 million in fiscal 2028, and \$3.8 million in fiscal 2029. The House modification (either option) would increase general fund revenues by \$25.0 million in fiscal 2026 through 2029. Corresponding budget bill language would reduce funding in the Department of Natural Resources budget for POS State land acquisition (\$0 in fiscal 2026) and the Rural Legacy Program and in the Maryland Department of Agriculture’s Maryland Agricultural Land Preservation Program.

Exhibit 1
Proportional Transfer Tax Transfer to General Fund
Fiscal 2026-2029
(\$ in Millions)

	2026			2027			2028			2029		
	<u>Statute</u>	<u>House</u>	<u>Diff.</u>	<u>Statute</u>	<u>House</u>	<u>Diff.</u>	<u>Statute</u>	<u>House</u>	<u>Diff.</u>	<u>Statute</u>	<u>House</u>	<u>Diff.</u>
POS – State Land Acquisition	\$0.0	\$0.0	\$0.0	\$11.4	\$6.8	-\$4.6	\$24.6	\$17.4	-\$7.2	\$27.8	\$20.2	-\$7.6
Rural Legacy Program	14.4	4.4	-10.0	17.8	10.7	-7.1	20.1	14.2	-5.8	20.6	15.0	-5.6

	2026			2027			2028			2029		
	<u>Statute</u>	<u>House</u>	<u>Diff.</u>	<u>Statute</u>	<u>House</u>	<u>Diff.</u>	<u>Statute</u>	<u>House</u>	<u>Diff.</u>	<u>Statute</u>	<u>House</u>	<u>Diff.</u>
Maryland Agricultural Land Preservation Program	21.6	6.6	-15.0	33.3	20.0	-13.3	41.2	29.2	-12.0	43.1	31.3	-11.8
Total	\$36.0	\$11.0	-\$25.0	\$62.5	\$37.5	-\$25.0	\$85.9	\$60.9	-\$25.0	\$91.5	\$66.5	-\$25.0
Transfer to General Fund			\$25.0			\$25.0			\$25.0			\$25.0

POS: Program Open Space

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

K00A
Department of Natural Resources

Budget Amendments

LAND ACQUISITION AND PLANNING

K00A05.10 Outdoor Recreation Land Loan – Capital Appropriation

Add the following language to the special fund appropriation:

Further provided that the appropriation made for the purpose of the Rural Legacy Program to purchase interests in real property shall be reduced by \$9,979,342 contingent on the enactment of SB321 or HB352 authorizing the transfer of State land preservation funding to the General Fund from fiscal 2026 through 2029.

Explanation: This action reduces a portion of the Rural Legacy Program fiscal 2026 special fund appropriation contingent on the Budget Reconciliation and Financing Act of 2025 authorizing the transfer of \$25.0 million in State land preservation funding to the General Fund from fiscal 2026 through 2029. The other programs affected by the transfers are Program Open Space State land acquisition, which does not receive a fiscal 2026 special fund appropriation, and the Maryland Agricultural Land Preservation Program administered by the Maryland Department of Agriculture.

L00A
Maryland Department of Agriculture

Budget Amendments

OFFICE OF THE SECRETARY

L00A11.11 Capital Appropriation

Add the following language to the special fund appropriation:

Further provided that the appropriation made for the purpose of the Maryland Agricultural Land Preservation Program to acquire agricultural land easements shall be reduced by \$15,020,658 contingent on the enactment of SB321 or HB352 authorizing the transfer of State land preservation funding to the General Fund from fiscal 2026 through 2029.

Explanation: This action reduces a portion of the Maryland Agricultural Land Preservation Program fiscal 2026 special fund appropriation contingent on the Budget Reconciliation and Financing Act of 2025 authorizing the transfer of \$25.0 million in State land preservation funding to the General Fund from fiscal 2026 through 2029. The other programs affected by the transfers are Program Open Space State land acquisition, which does not receive a fiscal 2026 special fund appropriation, and the Rural Legacy Program, both of which are administered by the Department of Natural Resources.

Article – Transportation

§2–802(b)

(2) (i) If there are two eligible grantees, and one eligible grantee is Montgomery County, the Department shall distribute [~~\$20,000,000~~] \$25,000,000 to Montgomery County and the remaining amount of the deposit or payment under § 9–120(b)(1)(xi) of the State Government Article to the remaining eligible grantee.

Explanation: Increases the minimum amount Montgomery County would receive from the Bus Rapid Transit Fund in the event there are two eligible grantees.

Article – Transportation

§3-216

(e) (2) Nothing in this section may adversely affect in any way the security of any of the following bonds while they are outstanding and unpaid:

- (i) State highway construction bonds, second issue;
- (ii) State highway construction bonds, third issue;
- (iii) County highway construction bonds; [or]
- (iv) County highway construction bonds, second issue;

(V) BUS RAPID TRANSIT BONDS ISSUED WITH FUNDING COMMITMENTS FROM THE BUS RAPID TRANSIT FUND.

Explanation: Strengthens the bondability of funds received through the Bus Rapid Transit Fund.

BRFA
Amendment to HB 352

Description: Amend Section 7–317 of the State Finance and Procurement Article to waive for fiscal 2026 only the requirement that at least 30% of the Cigarette Restitution Fund (CRF) appropriation must be budgeted for the Medicaid program.

Explanation: The CRF, established by Chapters 172 and 173 of 1999, is a special fund supported by payments made by tobacco manufacturers under the Master Settlement Agreement. CRF uses are restricted by statute. This amendment to the Budget Reconciliation and Financing Act of 2025 waives the requirement that 30% of the CRF appropriation must be budgeted for the Medicaid program in fiscal 2026 only.

BRFA Amendment

Amend Section 7-328 of the State Finance and Procurement Article

Expand the allowable uses of the Mortgage Loan Servicing Practices Settlement Fund to include legal assistance related to eviction.

Explanation: This action would amend Section 7-238 of the State Finance and Procurement Article to add legal assistance related to eviction as an allowable use of the Mortgage Loan Servicing Practices Settlement Fund.

C81C00
Legal Counsel and Advice
Office of the Attorney General

Budget Amendment

Supplemental Budget No. 1

C81C00.01 Legal Counsel and Advice

Add the following language to the special fund appropriation:

, provided that this appropriation shall be funded with special funds from the Mortgage Loan Servicing Practices Settlement Fund only contingent on the enactment of legislation expanding the allowable uses of the fund.

Explanation: This action requires the appropriation for Legal Counsel and Advice, C81C00.01, to be funded with special funds from the Mortgage Loan Servicing Practices Settlement Fund only and makes the appropriation contingent on language allowing the fund to be used for this purpose. As introduced, Supplemental No. 1 would have funded this appropriation with the Consumer Protection funds.

BRFA Amendment
Amend Section 1-203.3 of the Corporations and Associations Article

1-203.2

(a) There is a continuing, nonlapsing fund that is not subject to § 7–302 of the State Finance and Procurement Article.

(b) (1) Subject to the appropriation process in the State budget, the Department shall use the fund:

(i) For the costs of reviewing, processing, and auditing documents filed or requested under this article or other articles of the Code;

(ii) To pay redemption or extinguishment amounts to former owners of ground rents redeemed or extinguished in accordance with § 8–804 of the Real Property Article; and

(iii) Subject to paragraph (2) of this subsection, for other costs incurred by the Department to administer the provisions of this article.

(2) **Except as provided in paragraph (3) of this subsection**, for fiscal year 2015 and each fiscal year thereafter, the Department may not use the fund to pay more than 15% of the administrative expenses of the Office of the Director of the Department.

(3) **In fiscal 2026 and 2027 only up to \$11,000,000 of the fund may be used each year for general operating costs by the Department.**

(c) The State Treasurer shall hold and the State Comptroller shall account for the fund.

(d) The fund shall be invested and reinvested in the same manner as other State funds.

(e) Investment earnings shall accrue to the benefit of the fund.

Explanation: This action amends Section 1-203.3 of the Corporations and Associations Article to expand the allowable uses of expedited service fees collected by the State Department of Assessments and Taxation (SDAT) to allow for up to \$11,000,000 of the Expedited Service Fund to pay for general operating costs within SDAT each year in fiscal 2026 and 2027 only.

E50C
State Department of Assessments and Taxation

Budget Amendments

Add the following language:

Provided that \$10,000,000 in general funds made for the purpose of general operating expenses is reduced contingent upon enactment of legislation expanding the allowable use of expedited service fees collected by the State Department of Assessments and Taxation (SDAT). The Director of SDAT is authorized to allocate this reduction across programs within SDAT.

Explanation: This action reduces \$10.0 million from the fiscal 2026 general fund appropriation for general operating expenses contingent on the enactment of legislation. The Budget Reconciliation and Financing Act of 2025 includes a provision expanding the use of the Expedited Service Fund to support up to \$11.0 million for general operating costs in fiscal 2026 and 2027 only.

Section 21 Fiscal 2026 Legislative Additions

Add the following language:

\$10,000,000 in special funds from the Expedited Service Fund is added to the appropriation for program E50C00.01 Office of the Director within the State Department of Assessments and Taxation (SDAT) for the purpose of general operating expenses contingent on the enactment of HB 352 or SB 321 expanding the allowable use of expedited service fees collected by SDAT to include general operating costs. Funds for this added purpose may be transferred across programs within SDAT for the same purpose. Funds not expended for this added purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be canceled.

Explanation: This action adds \$10.0 million of special funds from the Expedited Service Fund for general operating expenses contingent on the enactment of legislation. The Budget Reconciliation and Financing Act of 2025 includes a provision expanding the use of the Expedited Service Fund to support up to \$11.0 million for general operating costs within SDAT each year in fiscal 2026 and 2027 only. The fiscal 2026 allowance as introduced includes \$968,474 in special funds for this purpose in the SDAT Office of the Director.

U00A
Maryland Department of the Environment

Budget Reconciliation and Financing Act Provision

LAND AND MATERIALS ADMINISTRATION

Provision: Transfer \$1,000,000 from the Maryland Used Tire Cleanup and Recycling Fund balance to the General Fund in fiscal 2026.

Explanation: According to the fund's fiscal 2024 annual report, submitted on November 1, 2024, the fiscal 2024 Scrap Tire Program expenses were \$1,178,527.83, despite no funding being used for illegal stockpile cleanups, and the closing balance was \$3,573,096.35. In recent years, responsible parties completed the used tire cleanup projects. Therefore, the approximately \$1,000,000 allocated for Scrap Tire Program expenses is unneeded and may be transferred to the General Fund.

BRFA Item Amendment to HB 352

Description: This action transfers \$3 million in interest earnings from the Racing and Community Development Financing Fund to the General Fund.

Explanation: The Racing and Community Development Financing Fund (RCDF) supports the renovation of Pimlico Race Course and the acquisition and construction of a training facility to support Pimlico. The action transfers \$3 million of the \$6.7 million in RCDF interest earned through December 2024 into the General Fund. Resources received by the RCDF at the end of fiscal 2026 total \$527.2 million, including \$400 million in lottery bonds, \$85 million in annual pay-as-you-go capital appropriations (from fiscal 2023 through 2026), \$34.5 million from the Racetrack Facility Renewal Account, and \$6.7 million in interest earnings (through December 2024).

Amend Section 11-407 of the Corporations and Associations Article

11-407

- (a) (1) An applicant for initial or renewal registration as a broker-dealer shall pay a fee of \$250.
- (2) (i) An applicant for initial or renewal registration or transfer of registration as an agent shall pay a fee of [~~\$50~~] **\$65**
- (ii) From the fee paid under this paragraph, [~~\$15~~] **\$25** shall be distributed to the Securities Act Registration Fund established under §11-208 of this title.

Explanation: This action would amend Section 11-407 of the Corporations and Associations Article by increasing the fees paid by an applicant for an initial or renewal securities registration by \$15. Of the increase \$10 would support the Securities Act Registration Fund, which an existing provision expands the eligible uses of, and the remaining \$5 of the increase would be distributed to the General Fund.

Comptroller – Captive Insurance Company Provision
Article – Tax – General

10–104.

(A) The income tax does not apply to the income of:

- (1) a common trust fund, as defined in § 3–501(b) of the Financial Institutions Article;
- (2) except as provided in §§ 10–101(e)(3) of this subtitle and 10–304(2) of this title, an organization that is exempt from taxation under § 408(e)(1) or § 501 of the Internal Revenue Code;
- (3) a financial institution that is subject to the financial institution franchise tax;
- (4) a person subject to taxation under Title 6 of the Insurance Article;
- (5) except as provided in § 10–102.1 of this subtitle, a partnership, as defined in § 761 of the Internal Revenue Code;
- (6) except as provided in § 10–102.1 of this subtitle and § 10–304(3) of this title, an S corporation;
- (7) except as provided in § 10–304(4) of this title, an investment conduit or a special exempt entity; or
- (8) except as provided in § 10–102.1 of this subtitle, a limited liability company as defined under Title 4A of the Corporations and Associations Article to the extent that the company is taxable as a partnership, as defined in § 761 of the Internal Revenue Code.

(B) THE INCOME TAX DOES NOT APPLY TO INCOME THAT IS SUBJECT TO TAXATION UNDER TITLE 6 OF THE INSURANCE ARTICLE.

Explanation: Insurance companies do not pay the income tax and instead pay the insurance premium tax on gross insurance premiums paid to the company. A captive insurance company is an insurance company that is a subsidiary of a parent company. Generally, the captive insurance company only exists to provide insurance coverage to its parent company. Under certain circumstances, a captive insurance company may not be required to pay the insurance premium tax on premiums paid by its parent company. Under current law, the income of person subject to taxation under the insurance article is exempt from the income tax regardless of whether the insurance premium tax is actually paid. The proposed amendment requires that in order for the income of a captive insurance company to be exempt from the income tax, the insurance premium tax must be paid on the premiums paid to the captive insurance company.

BRFA Amendment
Article – Environment

9–228.

(g) (1) (i) [Beginning on February 1, 1992,] **THE DEPARTMENT SHALL ESTABLISH** a tire recycling fee [shall] **TO** be imposed on the first sale of a new tire in the State by a tire dealer, including new tires sold as part of a new or used vehicle, trailer, farm implement, or other similar machinery

(ii) A county, municipal corporation, or any agency of a county or municipal corporation may not impose any tax, fee, or other charge on the first sale of a new tire by a tire dealer.

(2) The tire recycling fee:

(I) SHALL BE SET AT \$1 PER TIRE BEGINNING JANUARY 1, 2026;

(II) (II) SUBJECT TO ITEM (III) OF THIS PARAGRAPH, MAY BE ADJUSTED FOR INFLATION EVERY 2 FISCAL YEARS BASED ON THE CONSUMER PRICE INDEX, AS DETERMINED BY THE DEPARTMENT; AND

[(i) (III) May not exceed [\$1.00] **\$2** per tire [; and

(ii) Shall be established by the Board of Public Works].

9–274.

(a) The State Used Tire Cleanup and Recycling Fund shall consist of moneys made available under:

(1) Loan authorizations;

(2) Funds appropriated in the State budget;

(3) Fees collected for the sale of tires by retail dealers under § 9–228(g) of this subtitle; or

(4) Bond and security forfeitures collected under § 9–228(k) of this subtitle.

(b) (1) The Fund is limited to a maximum of \$10,000,000.

(2) If the sum of unallocated funds in the Fund and the projected fees for 19 the next fiscal year exceeds \$10,000,000, the [Board of Public Works] DEPARTMENT shall adjust the fees for the next fiscal year on a pro rata basis so that the sum of unallocated and actual fees does not exceed \$10,000,000.

Explanation: Currently, the tire recycling fee amount is established by the Board of Public Works, (BPW) with only a maximum level set in statute. The current fee is set at \$0.80 per tire. The proposed provision would increase the fee by \$0.20 per tire and establish an authorization to increase the fee based on inflation every two years. It also would transition responsibility for setting the fee levels from BPW to the Maryland Department of the Environment. The budget as introduced includes a \$1.2 million special fund appropriation contingent on the enactment of this fee increase.

BRFA Amendment

Article – Agriculture

5–309.

(a) **(1)** At least once each year the Secretary shall inspect each nursery in the State to determine if the nursery stock is infested or infected with dangerously injurious plant pests.

(2) Each nursery shall pay the Secretary an inspection fee based [upon] **ON** the number of acres in production **AS FOLLOWS**:

(I) 1 acre or less, [~~\$10~~] \$20; [more]

(II) **MORE** than 1 acre to 5 acres, [~~\$20~~] **\$30**; [more]

(III) **MORE** than 5 acres to 10 acres, [~~\$30~~] **\$40**; [more] **AND**

(IV) **MORE** than 10 acres, [~~\$3~~] **\$5** for each acre, or part of any acre, up to a maximum of [~~\$1,000~~] **\$1,500**.

(3) All fees collected **UNDER PARAGRAPH (2) OF THIS SUBSECTION** shall be [placed in] **DEPOSITED INTO** the Plant Protection Fund and used to defray partially the cost of inspecting the nurseries.

(b) **(1)** Each nursery shall be certified annually by the Secretary if it meets standards established by the Department regarding freedom from plant pests and [upon] **ON** payment of a fee of [~~\$100~~] **\$150**.

(2) All fees collected **UNDER PARAGRAPH (1) OF THIS SUBSECTION** shall be [placed in] **DEPOSITED INTO** the Plant Protection Fund and used to defray partially the cost of inspecting and certifying the nurseries.

(c) **(1)** Each broker or dealer shall comply with the regulations established by the Department and shall pay an annual license fee of [~~\$100~~] **\$150**.

(2) The Secretary may inspect annually the nursery stock in a sales or holding yard of a broker or dealer.

(3) Each broker or dealer shall pay the Secretary an inspection fee as provided in subsection (a) of this section.

(4) All fees collected **UNDER PARAGRAPH (1) OF THIS SUBSECTION** shall be [placed in] **DEPOSITED INTO** the Plant Protection Fund and used to defray partially the cost of inspecting and licensing the brokers and dealers.

(d) (1) The Secretary may certify plants [to]:

(I) **TO** be apparently free of injurious viruses[, and/or] **OR** other diseases[, or plants that]; **OR**

(II) **THAT** conform to established standards of strain purity.

(2) Each plant producer shall pay the Secretary [the following] A certification fee for each acre, or part of an acre, in plant production **AS FOLLOWS**: [strawberry]

(I) **STRAWBERRY** plants, “Cape” American beachgrass, “Avalon” Saltmeadow cordgrass, \$50; [grape] **AND**

(II) **GRAPE** vines, fruit trees, and bramble plants, \$70.

(3) All fees collected **UNDER PARAGRAPH (2) OF THIS SUBSECTION** shall be [placed in] **DEPOSITED INTO** the Plant Protection Fund and used to defray partially the cost of virus indexing, inspection, and analysis of plants certified or tagged.

(e) (1) If dangerously injurious plant pests are found in any nursery, orchard, or any premises where nursery stock is grown or held for sale, the Secretary shall order it treated or destroyed by the [nurseryman] **NURSERY** or dealer. [He]

(2) **THE SECRETARY** shall release all other nursery stock grown on the premises, and issue a certificate of inspection to the owner.

(3) If the [nurseryman] **NURSERY** or dealer fails to comply with the order, the Secretary shall seize, destroy, [and/or] **OR** treat the infested or infected nursery stock and the owner shall pay the costs.

(4) If [the] **AN** owner refuses to pay the [cost] **COSTS REQUIRED UNDER PARAGRAPH (3) OF THIS SUBSECTION**, [it] **THE COSTS** shall be collected [as prescribed] in **ACCORDANCE WITH** § 5–307 of this subtitle.

(f) A federal, State, or local public agency is exempt from the license and inspection fees required by this section.

Explanation: This provision would increase fees collected by the Maryland Department of Agriculture for the certification of nurseries, the licensing of brokers and dealers, and the inspection of nursery stock related to plant disease control.

Proposed Budget Additions

General Fund Additions

Fiscal 2026 Additions

	<u>House</u>
Restore Funds for Developmental Disabilities Administration Community Services	\$132.240
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)	17.140
Medicaid Provider Reimbursements to Backfill for Oversubscribed Cigarette Restitution Funds	15.000
Grant to University of Maryland Enterprise Corporation for Quantum	10.000
Add Administrative Funds for Sun Bucks to Correct Program in DHS (technical)	4.700
Pediatric Hospital Overstays	3.000
Establish Maryland Department of Social Equity (HB 1253) includes 9 Positions	2.200
Grant to support Sail Baltimore's Sail 250	1.500
Grant to Schaefer Center for Public Policy	1.500
Additional Operating Support for OAG	1.500
Comptroller for Staffing including 11 new positions	1.295
Grant to Maryland Coalition Against Sexual Assault for Rape Crisis Centers	1.000
Grant for Dredging in Baltimore Harbor	1.000
Grant to Maryland Center for History and Culture	1.000
Grant to UMCP for Judge Williams Center for Education, Justice, and Ethics Programs	0.500
Grant to College of Southern Maryland	0.300
Hagerstown Public Safety Project Feasibility Study	0.250
Grant to Baltimore City Circuit Court for staffing	0.250
Grant to MEDCO for Economic and Land Use Study for Greater Bladensburg	0.200
OAG Ticket Scalping Enforcement	0.200
Grant to Hygea Healthcare	0.100

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	\$34.225
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Total General Fund Additions

\$229.100

Special Fund Additions

Fiscal 2026 Additions

Fund Strategic Energy Investment Fund eligible capital costs with cash	\$27.000
Restore DDA Reductions with funds from Community Services Trust Fund	15.000
Fund Department of Assessments and Taxation Operating Costs with special funds not general funds*	10.000
Transportation Grants to Municipalities in Montgomery County and Prince George's County to improve access to the Purple Line	6.622
Fund School Resource Officers with available fund balance rather than general funds	5.000
Statewide Academic Health Centers to Level Fund with Fiscal 2025	2.000

Total Special Fund Additions

\$65.622

Federal Fund Additions

Fiscal 2026 Additions

Add Administrative Funds for Sun Bucks to Correct Program in DHS (technical)	\$4.700
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