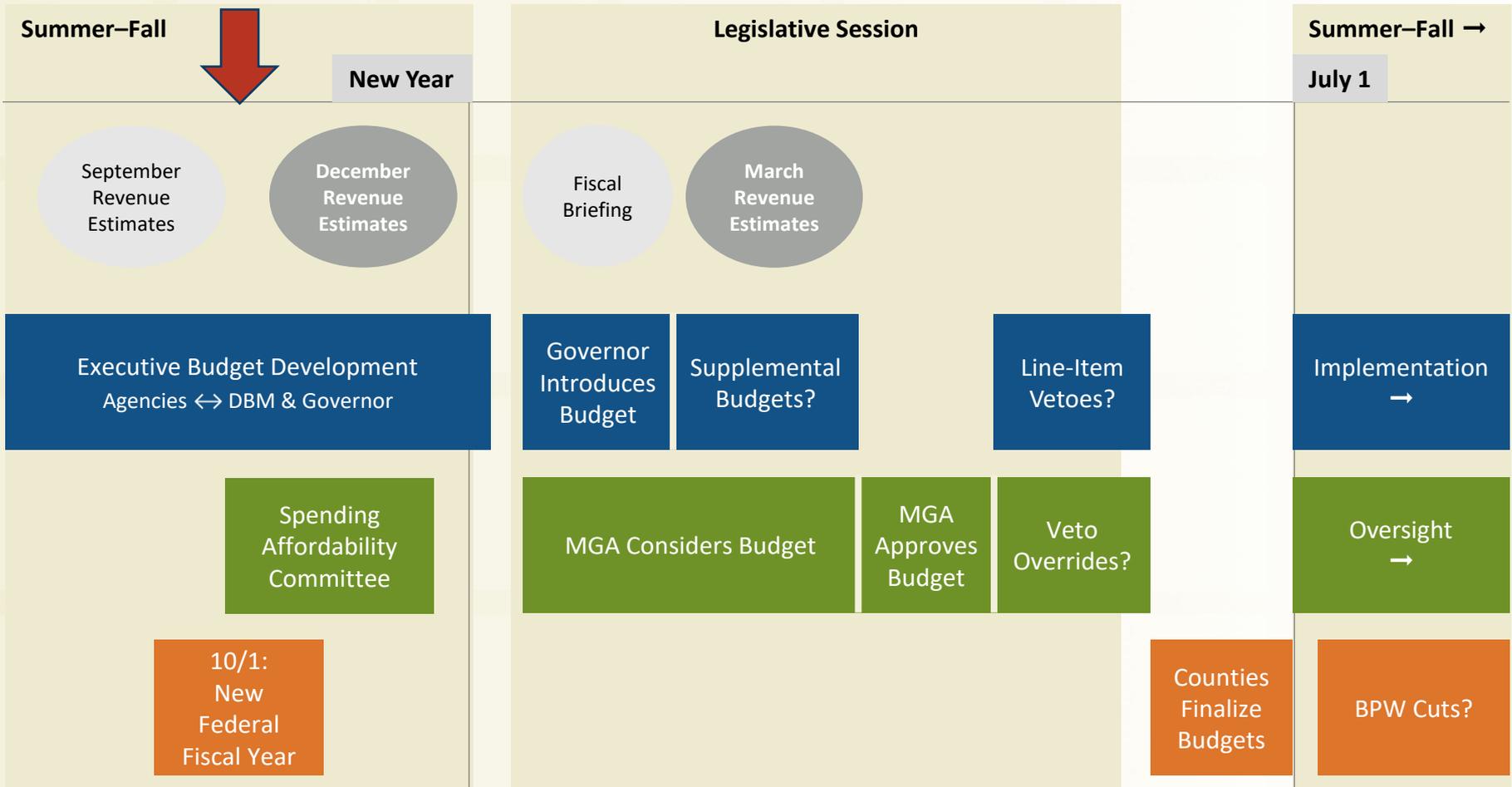


Maryland Budget Basics



Maryland's Budget Cycle



Recap of 2025 Budget Actions

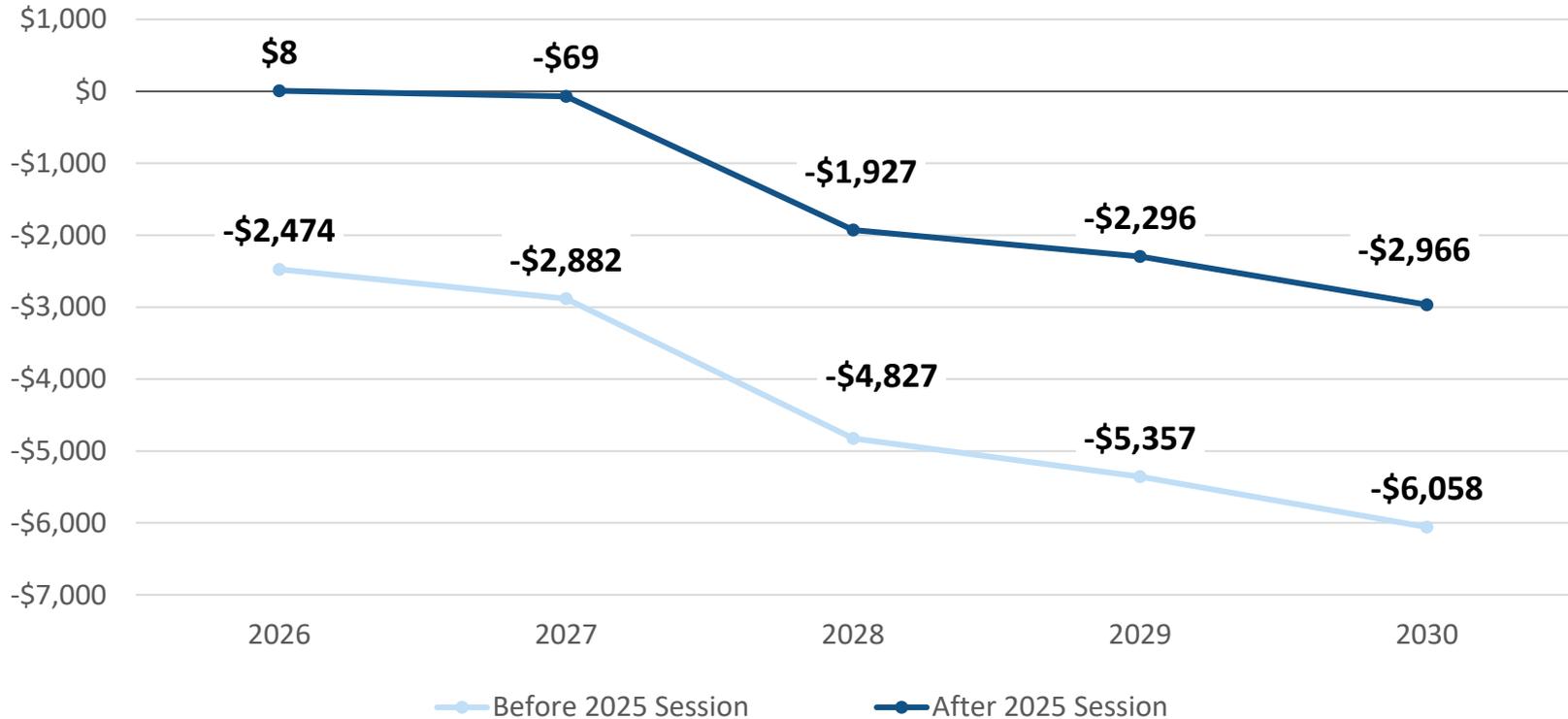
Maryland faced a nearly \$3B budget deficit at the start of this year. Gov. Moore and legislators addressed it by:

- Raising new revenue – Targeted income tax increases, sales tax on certain business services, transportation-related fees
- Cutting funding for public services, including:
 - Services for people with developmental disabilities
 - Child care scholarship
 - Education funding - \$550M over five years
 - Shifting costs to local governments

Long-Term Deficits

Fiscal Challenges Remain Despite 2025 Progress

Projected general fund structural balance, FY 2026–2030 (\$ millions)



Source: Department of Legislative Services, 2025 Fiscal Effects Report

HR 1 Reduces Revenue, Shifts Costs

- Federal tax changes could cost up to \$370M in state revenue
- Cost shift for SNAP and Medicaid will ultimately cost \$250M per year
 - This is direct spending and does not account for the economic and revenue losses resulting from people losing food assistance and health care

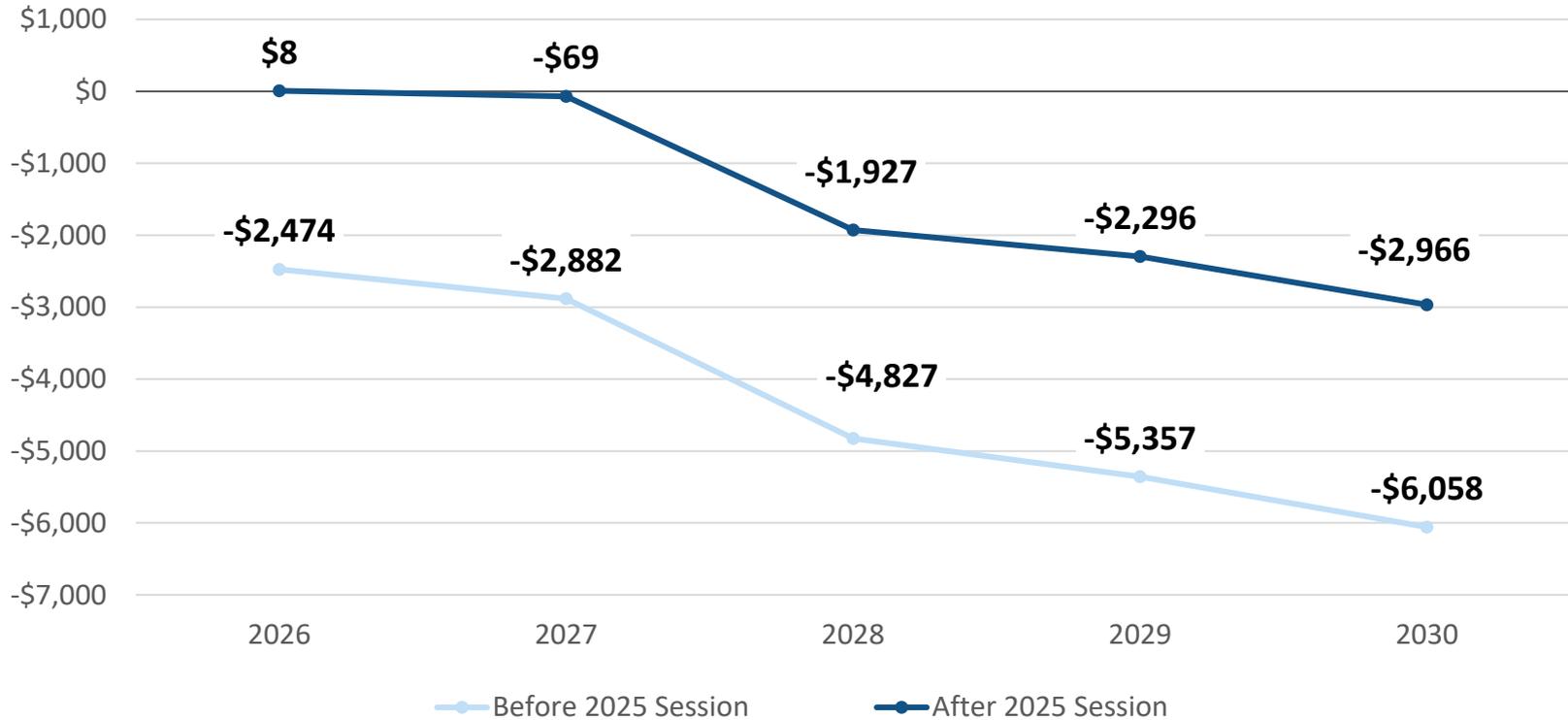
Other Potential Considerations

- Economic impacts have not shown up in state revenues yet
- Loss of direct federal funding and grants
- Economic impacts of job losses, tariffs, etc. could still reduce revenue
- Tariffs and inflation could increase the state's costs
- Currently a state hiring freeze

Long-Term Deficits

Fiscal Challenges Remain Despite 2025 Progress

Projected general fund structural balance, FY 2026–2030 (\$ millions)



Source: Department of Legislative Services, 2025 Fiscal Effects Report