

2025 Budget Announcement

Governor Wes Moore

January 15, 2025



The first storm is a fiscal crisis nearly a decade in the making.



Under the former administration, **state spending increased by 70%** in the seven years before the Moore-Miller Administration took office, while our GDP flatlined



Emergency COVID money from the federal government papered over a **structural deficit that had been warned by experts since 2017**

The second storm is a stark
new policy direction from the
Trump-Vance Administration
that threatens to disrupt
Maryland's economy.



Maryland's economy is deeply **reliant**
on the federal government



The federal government is our biggest
employer, and **we have 160,000**
federal employees in our state

Our Vision

WE ARE GUIDED BY A SINGLE, CLEAR PRINCIPLE:

Build an economy that grows
the middle class and gives everyone a
pathway to work, wages, and wealth.

Our proposed budget is
driven by four priorities:



GROW OUR ECONOMY



**STRENGTHEN OUR
LABOR FORCE**



MODERNIZE GOVERNMENT



**FIX WHAT'S BROKEN
IN OUR TAX SYSTEM**

This budget will grow our economy, apply a fiscally responsible strategy, and invest in our core priorities.



Invest **\$750 million** toward **economic growth**

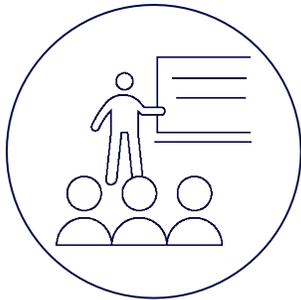


Target **\$128 million** toward sectors that Maryland is uniquely positioned to win



Drive **\$515 million** in economic activity in Maryland and **support, create, or retain 2,600 jobs**

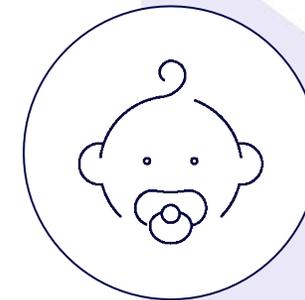
This budget will **strengthen our labor force** by ensuring more Marylanders can access work, regardless of their background



Preserve record funding for K-12 institutions



Prioritize strategic investments in apprenticeships and job training

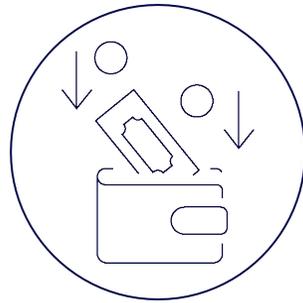


Continue **strong investments in child care** to ensure families can enter the workforce

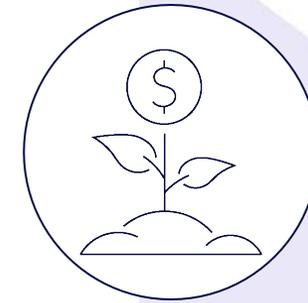
This budget will **modernize government** to ensure all programs are efficient, effective, and sustainable



Exercise **responsible stewardship** of taxpayer money



Make **strategic cuts**, tighten our belt, rein in spending



Preserve investments in critical programs to improve implementation

This budget will **reform the tax code** to make it simpler, fairer, and pro-growth



Nearly two-thirds of Marylanders will receive a tax cut. 22% of Marylanders will see no change in their taxes



For the third year in a row, **we will not raise the sales tax or the property tax**



We are closing corporate tax loopholes to help **lower the overall corporate tax rate**

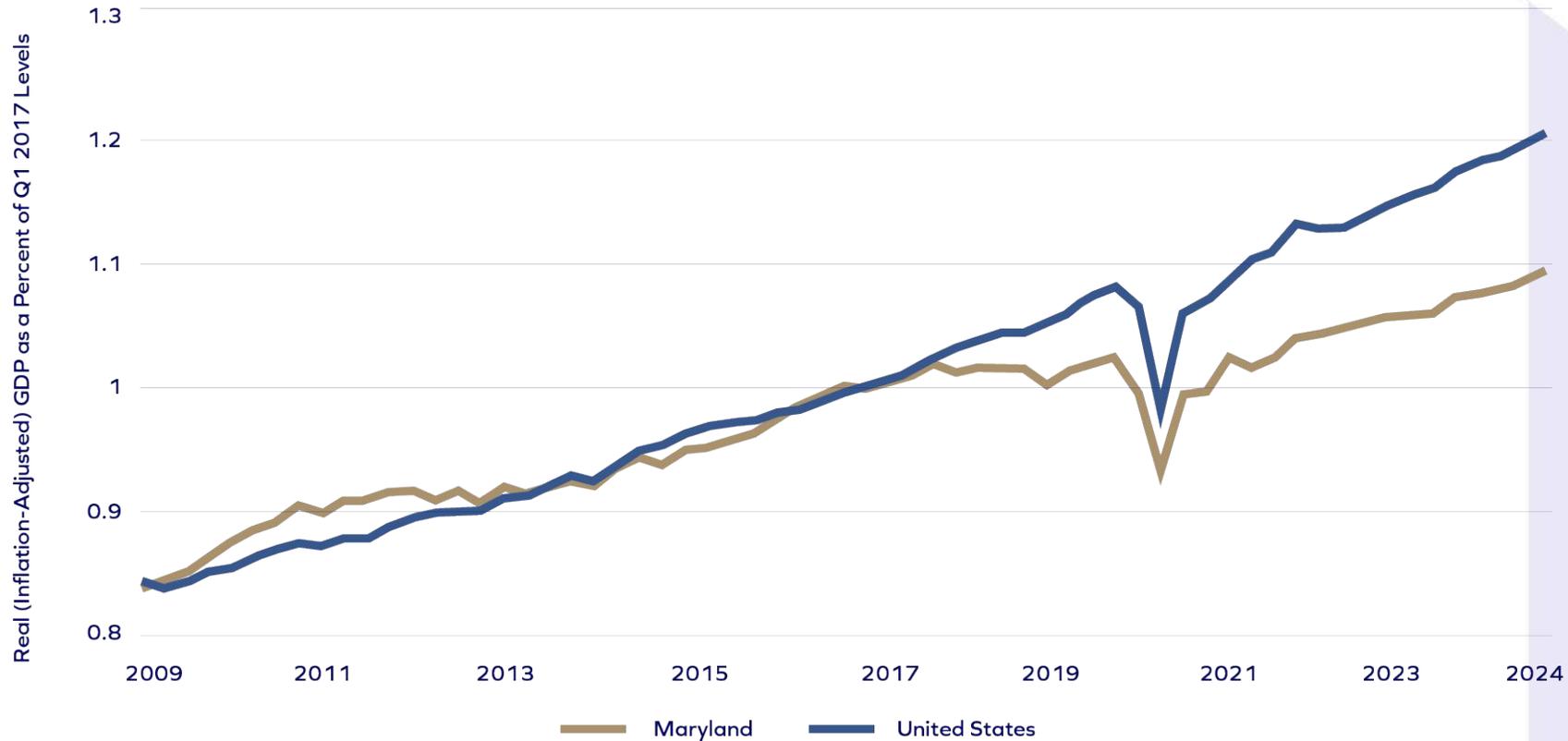
We lead through partnership – offering solutions forged
in **principle**, not *partisanship*;
in **data**, not *demagoguery*;
in **ideas**, not *ideology*.

WE WILL WIN THIS MOMENT AND LEAVE NO ONE BEHIND.

The CHALLENGE

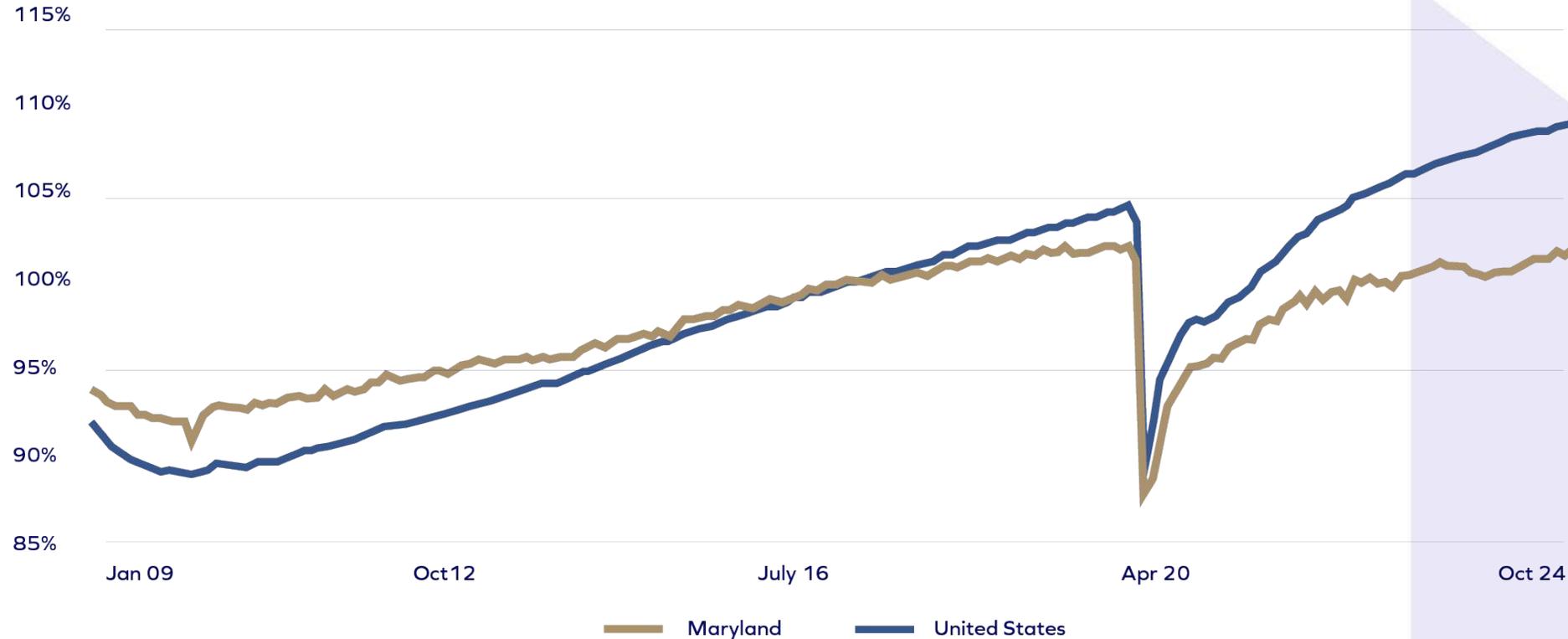
Economic Underperformance

Since 2017, Maryland's Real GDP Growth
Has Significantly Underperformed National Growth



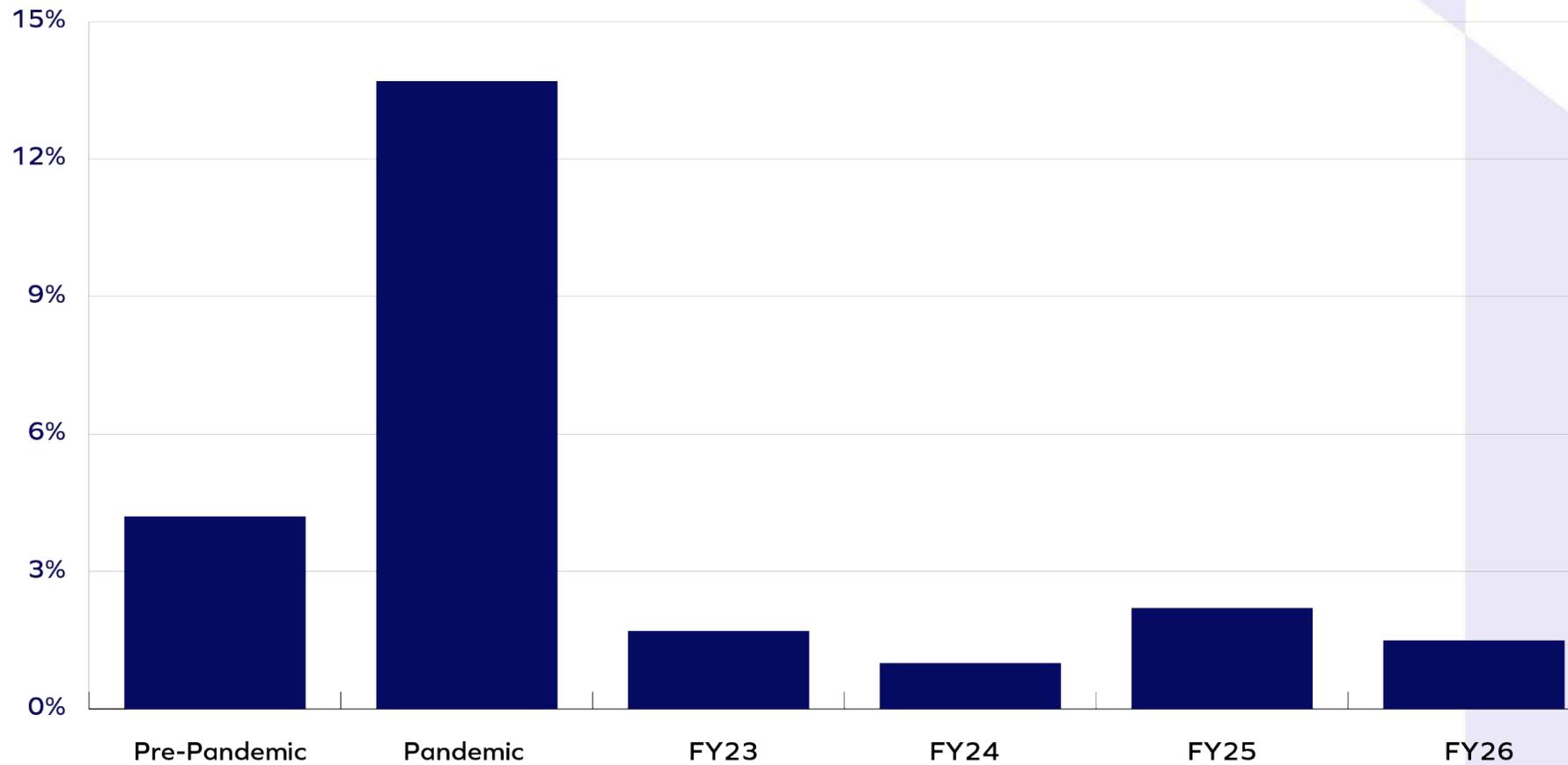
Lagging Employment

Maryland's Total Nonfarm Employment Growth Underperformed the Nation Since 2017 with the Gap Widening After 2020



Stagnant Revenue

General Fund Revenue Growth Trends



FRAMING *the* BUDGET

*FRAMING the
BUDGET*

We took a **once in a 20 year fiscal crisis**
that could have had a devastating impact on
services for Marylanders and flipped that
into a **positive cash balance.**

The Proposed Budget:



Flips the projected cash shortfall of \$2.95 billion to a positive cash ending balance of \$106 million in FY 2026



We prioritized investments for education, public safety, and growing the economy



We reduced overall General Fund operating expenses by \$274 million in FY 2026



Reduces the structural deficit for FY 2026 by \$2.25 billion

The Proposed Budget:

Maintains a Rainy Day Fund balance of 8.0% of General Fund revenues in FY 2026 (\$2.05 billion) to weather uncertainty.

5%

Pre-Pandemic
Rainy Day History

7.5%

FY26 Rainy Day
Recommendation

8%

Moore-Miller
Administration FY26
Rainy Day Balance

GROWING *our* ECONOMY

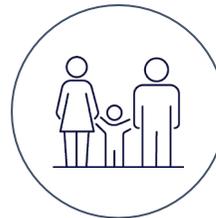
This budget demonstrates what having a real economic growth strategy truly looks like by **prioritizing** and **investing in competitiveness, safety, and affordability**



We have proposed **new money for commercial hubs and industries of the future** like life sciences, I.T., and aerospace and defense



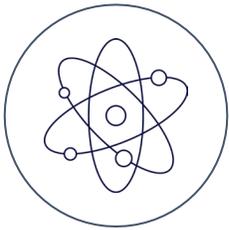
We maintain a **record \$122 million in funding for local law enforcement and public safety**



Our budget **invests in a clean economy** to create jobs and lower costs

Investing \$128.5 Million in Industries of the Future

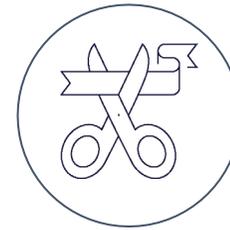
\$27,500,000



Capital of Quantum Initiative

Public-private partnership catalyzing \$1 billion in investments and cementing Maryland as a global leader in quantum information science and technology

\$25,000,000



Sunny Day Fund

Recapitalizes the Sunny Day Fund program to focus on bringing new businesses to Maryland

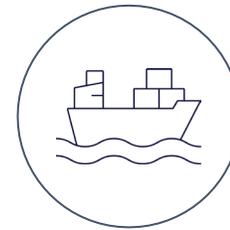
\$20,000,000



MEDCO Strategic Infrastructure Revolving Fund and Build Our Future Program

to support transformative placemaking, transit-oriented development, and expansion on key technology sectors

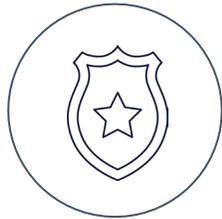
\$15,000,000



Tradeport Atlantic Container Terminal Project

to support a 168-acre redevelopment slated to break ground in Fall 2025 and projected to generate \$1 billion in private investment

Investing in Public Safety



Maintains a **record of \$122 million** in local aid for police protection



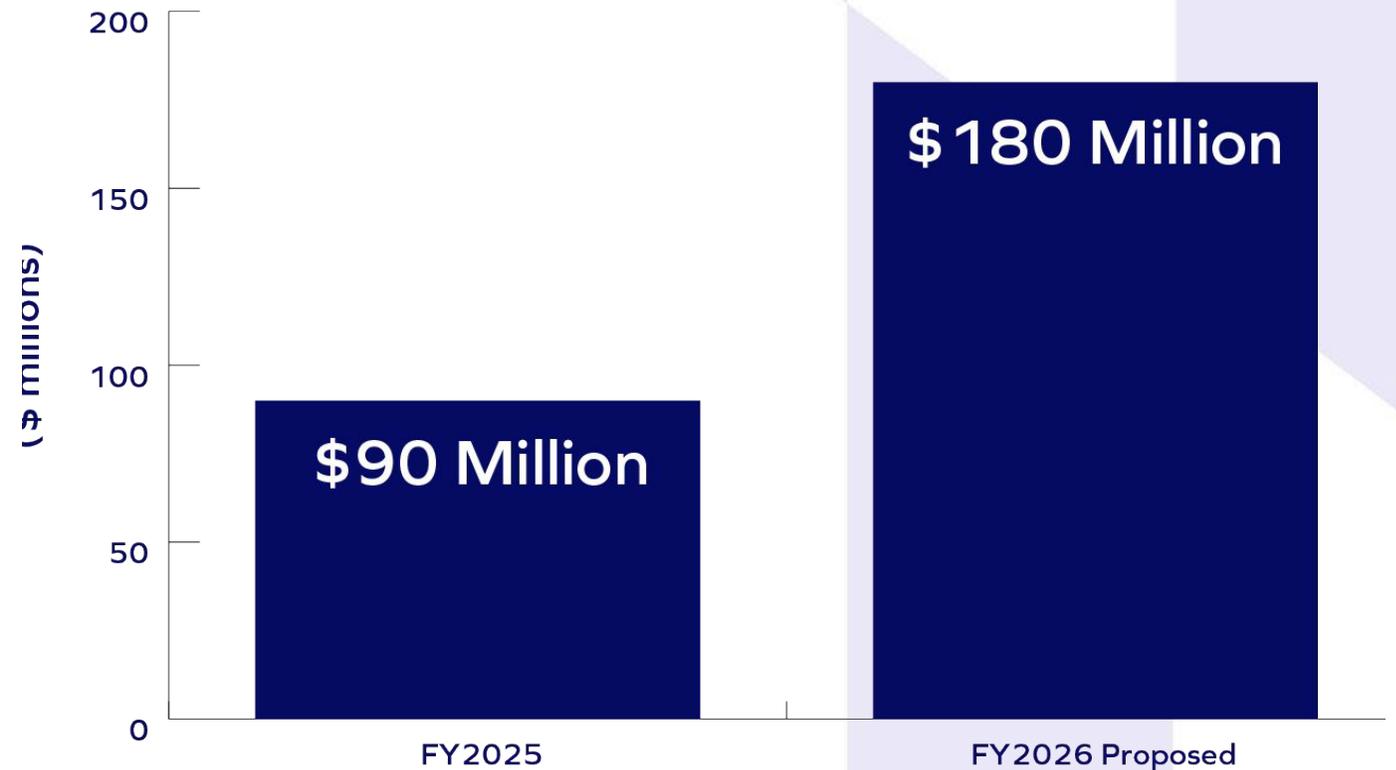
Increasing funding for the Department of Juvenile Services, including **\$4.2 million to expand evidenced based services**



Investing **\$3 million to reopen Catoctin Treatment Center in Western Maryland**

Investing in a Clean Economy

Strategic energy investments
include **\$180 million** for initiatives
to support the **Climate Pollution**
Reduction Plan – twice the
\$90 million budgeted in FY 2025.



Investing in a Clean Economy

\$50

million

For **solar development on State property**, starting with MDOT facilities

\$80

million

For **solar and geothermal development** on public facilities and municipal landfills

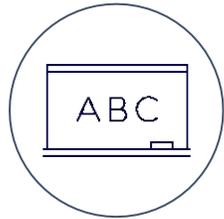
\$50

million

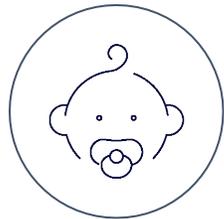
For block grants to school districts to **support solar and geothermal heat pumps** on existing schools and construction of new net-zero schools

STRENGTHENING
our LABOR FORCE

Investing in Our Workforce



Record funding for Pre-K through 12 education, investing **\$9.7 billion into Maryland's public schools**



More than \$400 million for Child Care Scholarships to **serve nearly 43,000 children** this year, up from just over 16,000 children in 2022

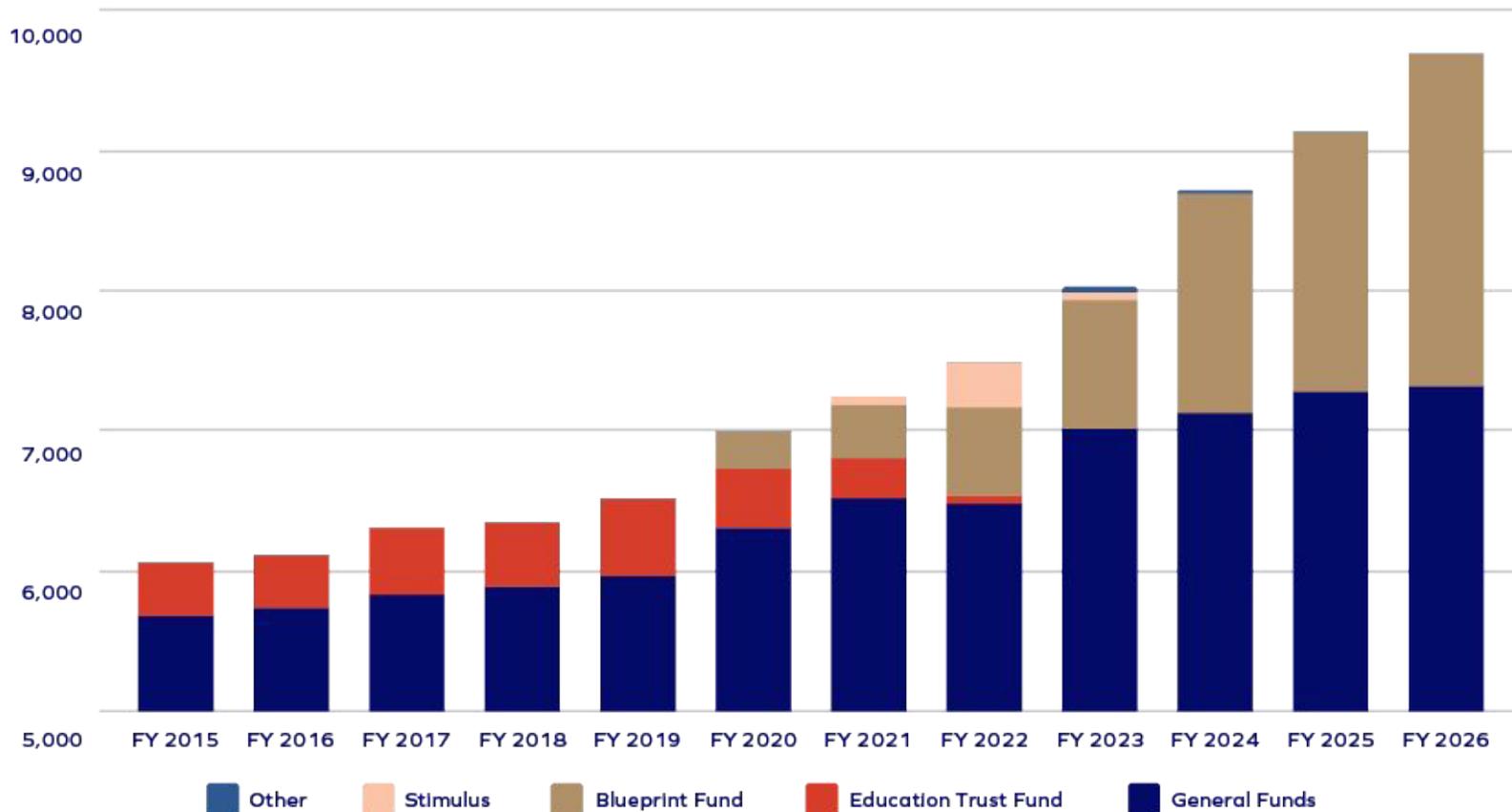


An additional **\$5 million for the Employment Advancement Right Now (EARN)** program that supports apprenticeship and workforce training programs for target industries and sectors

Strengthening Maryland's Workforce

Record Education Funding

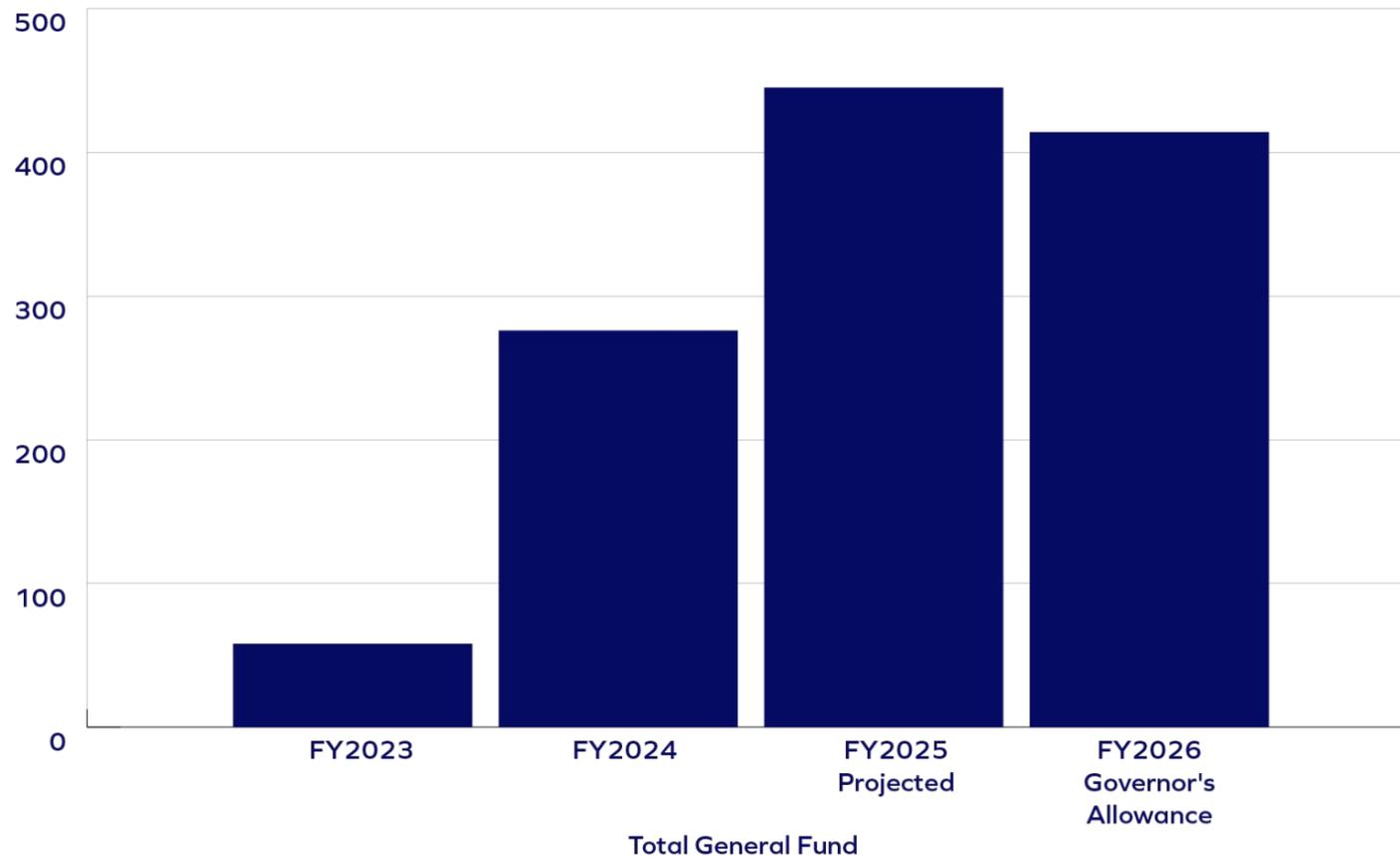
K-12 Education Aid by Fund Source (\$Millions)



Strengthening Maryland's Workforce

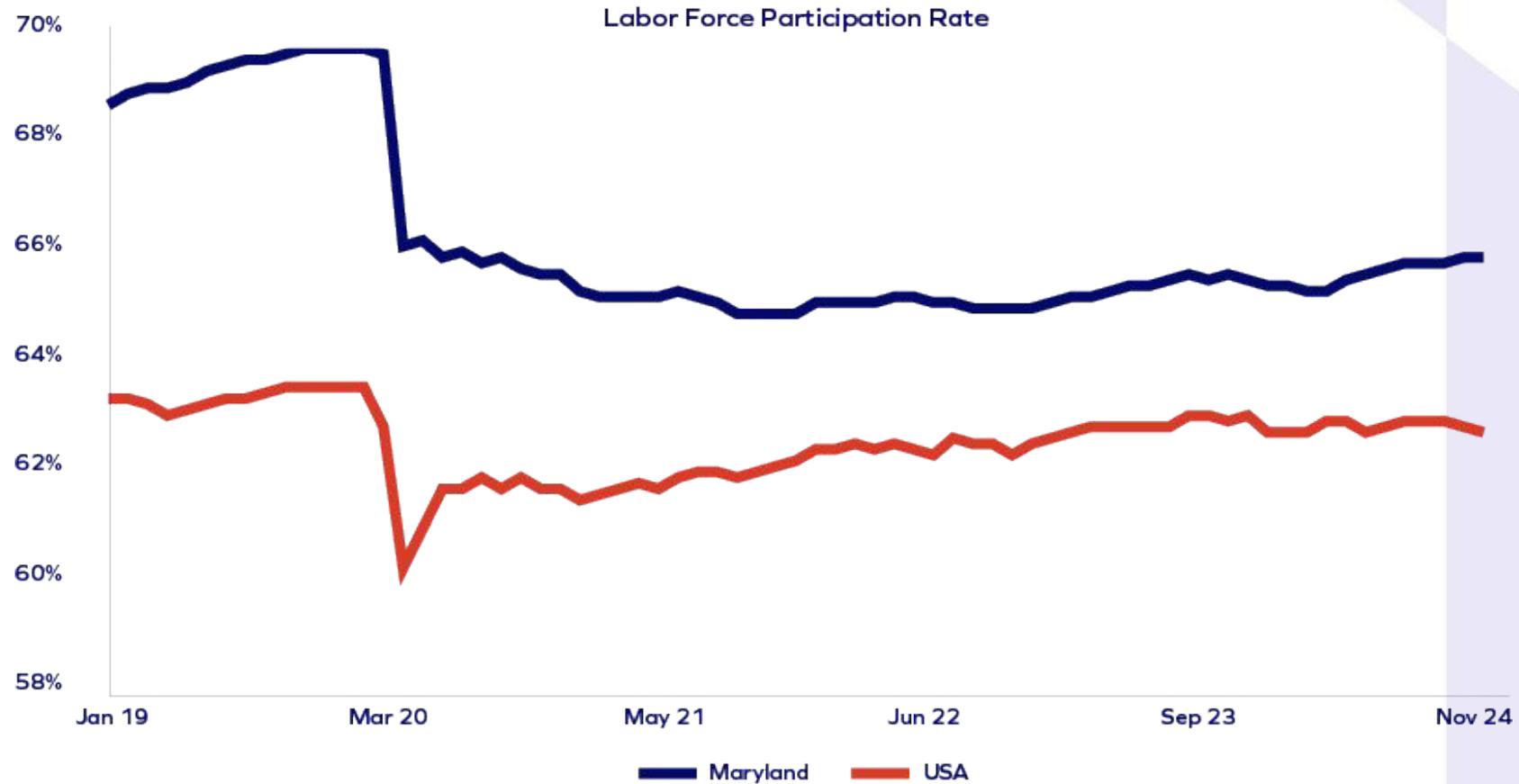
Investing in Child Care

General Fund Expense for Child Care Scholarship (Millions)



Strengthening Maryland's Workforce

Promoting Stronger Labor Force Participation



MODERNIZING GOVERNMENT



THE OFFICE OF GOVERNOR
WES MOORE

By cutting \$2 billion in spending through cost reduction and cost saving measures, our budget ensures that state funding returns to levels that match our balance sheets.



Modernizing state government to **eliminate \$50 million of wasteful spending**



Preserving \$141 million for future Blueprint investments by improving implementation



We are **offsetting some Medicaid costs** to hospitals and insurers, and increasing efficiency in Developmental Disabilities Administration services to ensure more Marylanders receive quality health care

Eliminating \$50 Million of Wasteful Spending

Moore wants to save \$50 million by streamlining state government spending

Baltimore Banner, January 10, 2025

Moore focusing on government inefficiencies to address budget issues

WMAR, January 10, 2025

Maryland Gov. Wes Moore launches government efficiency initiative to make dent in \$3B deficit

Baltimore Sun, January 10, 2025

Gov. Moore launches Maryland 'modernization' plan, aims for \$50 million in savings

Delmarva Now, January 13, 2025

Gov. Moore announces plan to save \$50M by 'modernizing' Maryland government

WYPR, January 10, 2025

The State is redirecting spending for
underutilized or underperforming programs
towards higher priority programs:



Two-Generation Model
at the Department of
Human Services
(saves \$950k)



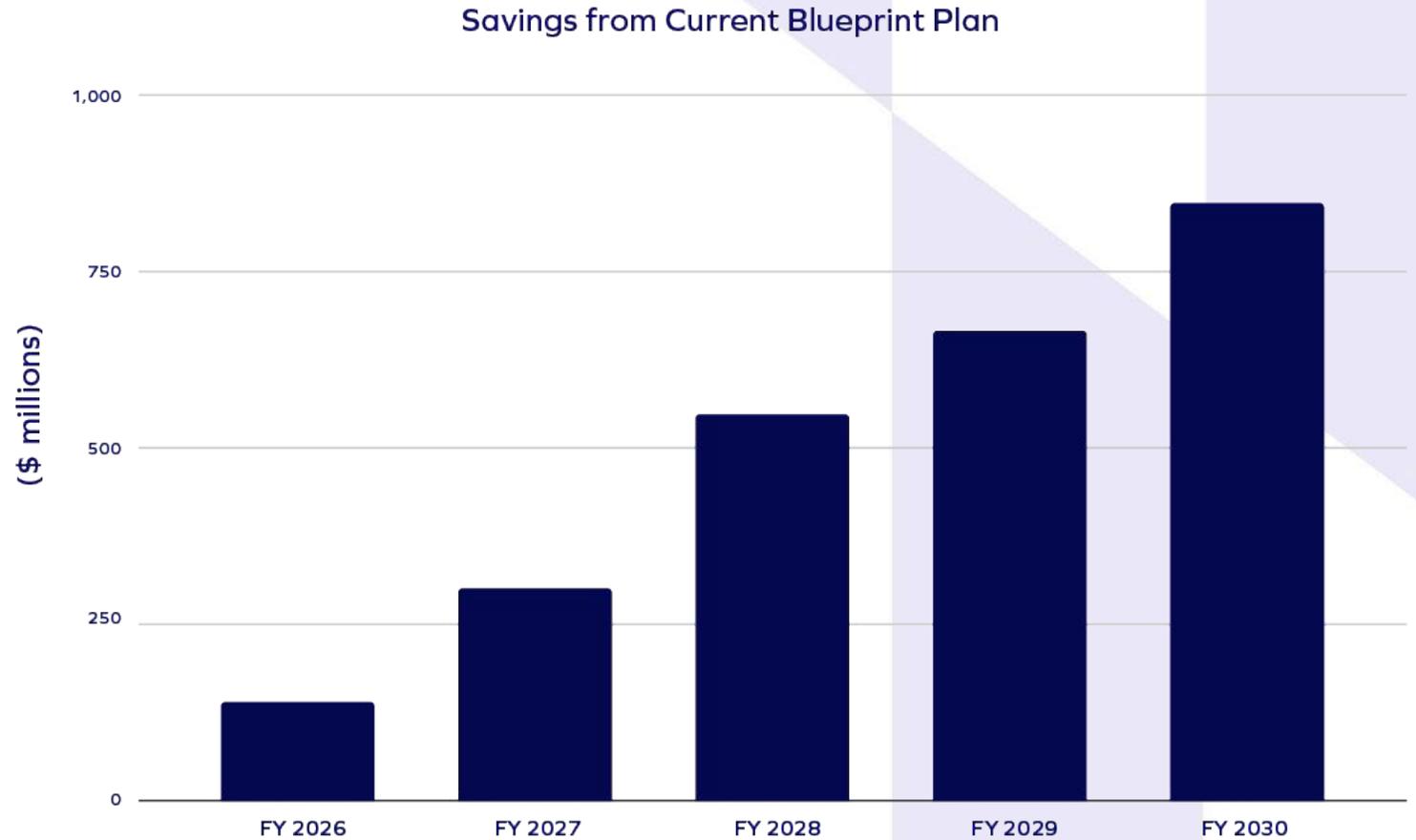
Tree Solutions Now
funding to the
Department of
Agriculture (saves \$2M)



**Global Gateway Initiative
and the E-Innovation
Initiative Program** at
Commerce (saves \$3M)

Strengthening Blueprint Implementation

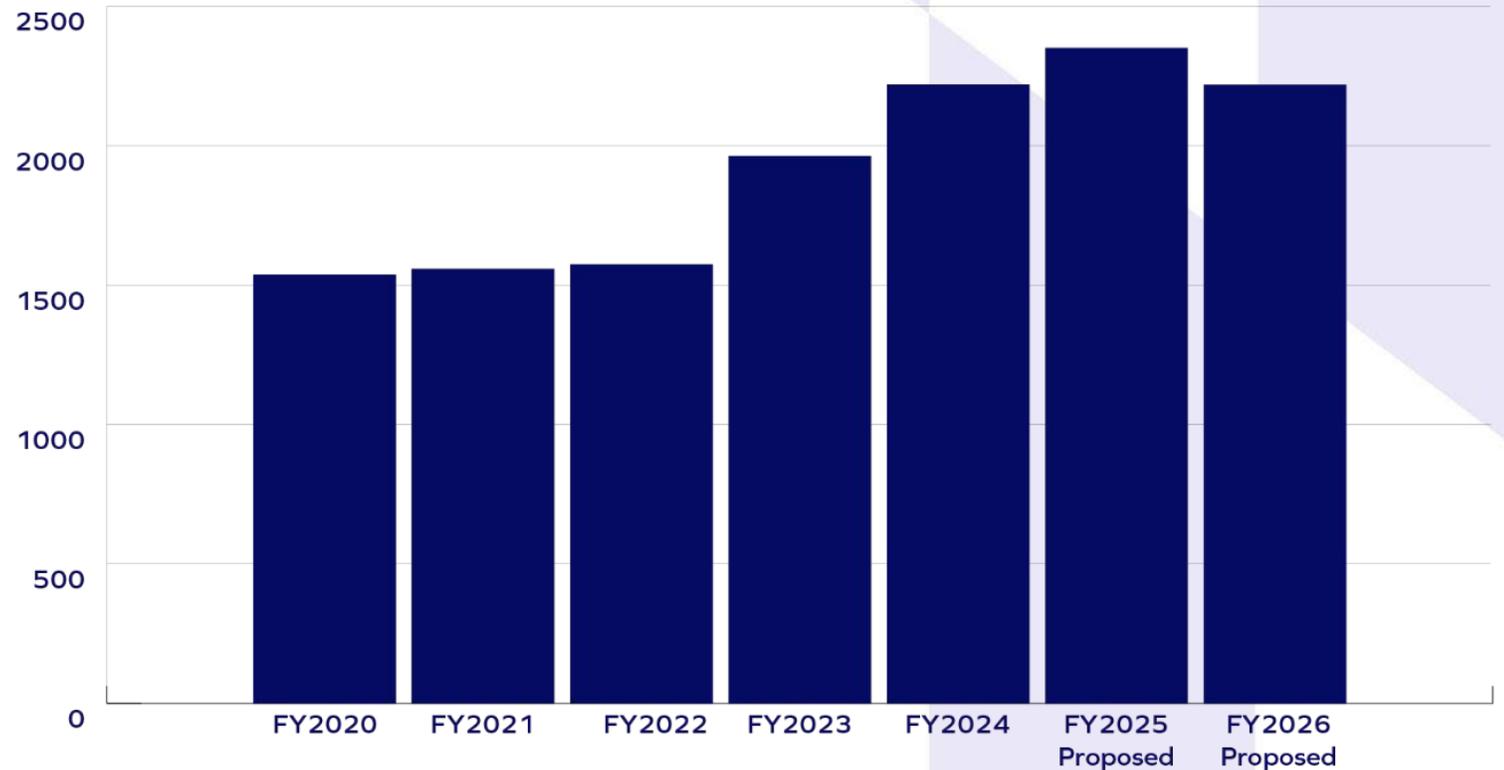
The Administration's proposed adjustments to the Blueprint will help preserve \$2.5 billion through FY 2030 to support future investment in education



Reining in Higher Education Spending

The proposed FY 2026 budget continues to invest significantly in higher education while bending the cost curve.

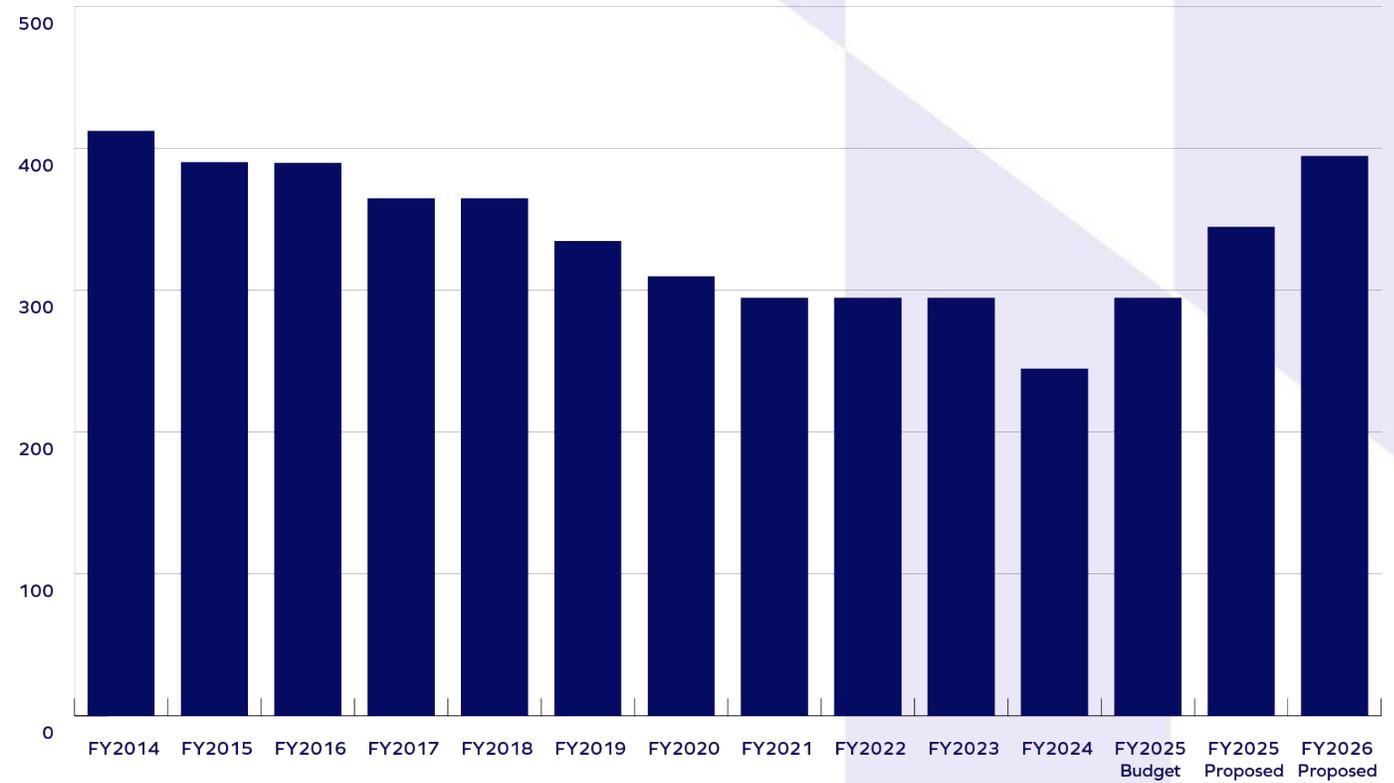
State General Fund Expense for our Public Four-Year Institutions of Higher Education (Millions)



Offsetting Medicaid Costs

The FY 2026 budget proposes to increase the Medicaid Deficit Assessment by \$100M annually, back to the FY 2016 level, to offset the State's costs for Medicaid expansion.

Medicaid Deficit Assessment History (\$ in millions)



Increasing Program Sustainability

The FY 2026 budget proposal

will help the Developmental

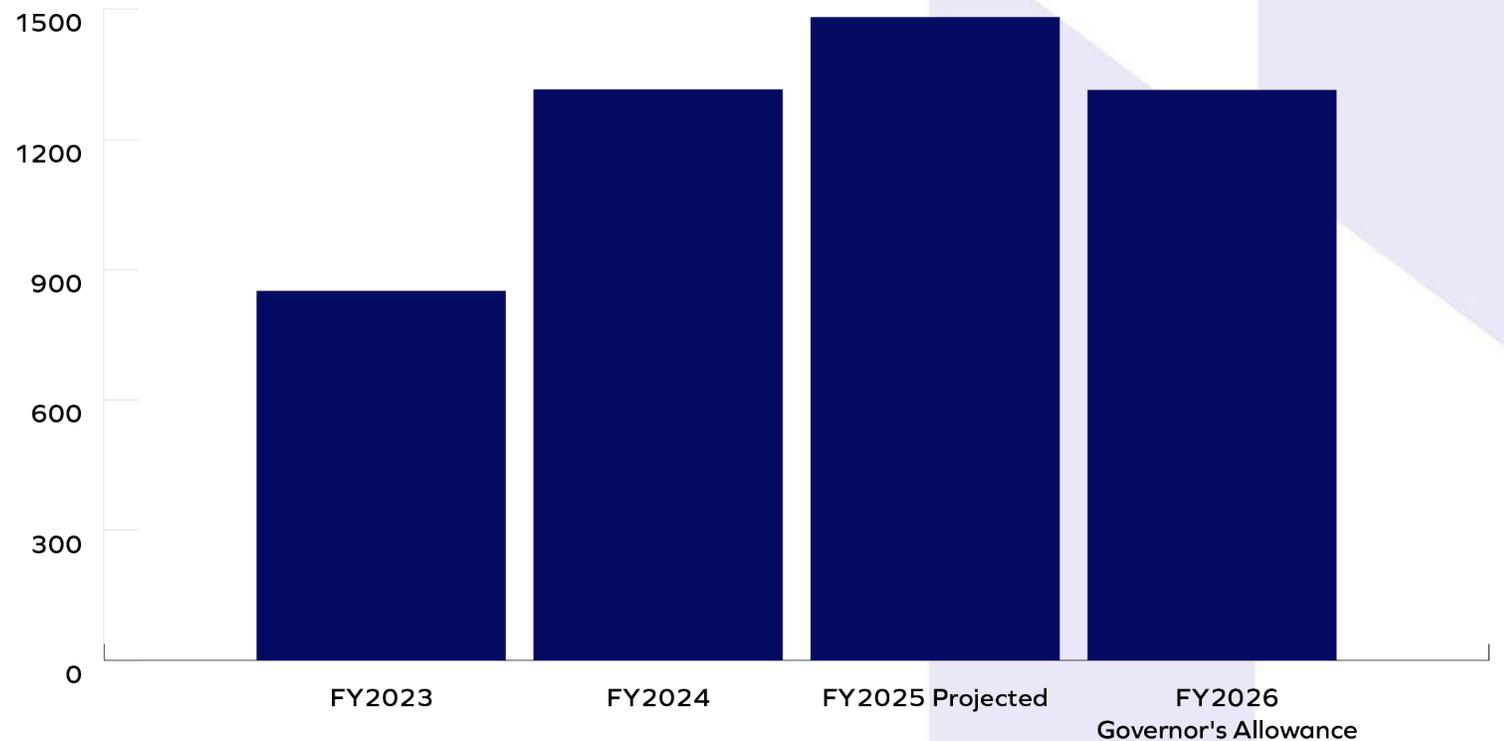
Disabilities Administration **build**

network capacity, provide more

equitable services, and reinstate

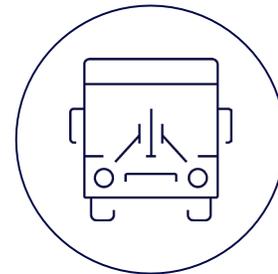
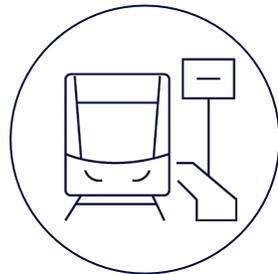
program integrity.

General Fund Spending (\$ in millions)



Promoting Safe and Reliable Transportation

The FY 2026 budget proposal will enhance safety, equity, and sustainability through strategic investment in our transportation system.



MAKING *the*
TAX SYSTEM SIMPLE,
FAIR, *and* **PRO-GROWTH**

We have put forward a responsible plan to make taxes simpler, fairer, and pro-growth.



Nearly two-thirds of Marylanders will receive a tax cut, and we've targeted tax relief to those with low-and middle-incomes



22% of Marylanders will see no change



For the third year in a row, **we avoided raising the sales tax or the property tax** in the State of Maryland. We will cut the corporate tax rate to entice more businesses and drive growth



SIMPLER

Double the standard deduction; consolidate the bottom four income tax brackets at a 4.7% rate; **eliminating the inheritance tax**



FAIRER

Expand tax relief by eliminating the standard deduction penalty and Child Tax Credit limit; Add two new tax rates at \$500,000 (6.25%) and \$1 million (6.5%)



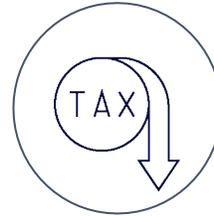
PRO-GROWTH

Add a 1% surcharge on capital gain income for households earning more than \$350,000 in federal AGI for 4 years, earmarked for economic growth initiatives to **invest back into Maryland**

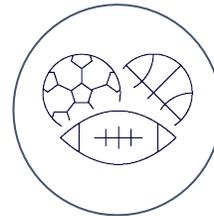
“ We reject the false choice that says tax reform either drives growth or limits it.

Our plan makes Maryland the best state in the nation to start and grow a business – while ensuring we can also make responsible investments to grow our economy.”

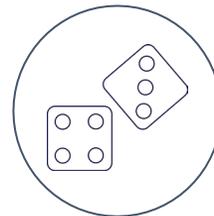
- GOVERNOR WES MOORE



Lowering the corporate tax rate by implementing combined reporting to close tax loopholes and broaden the corporate tax base.



Increase the sports wagering tax rate from **15% to 30%**



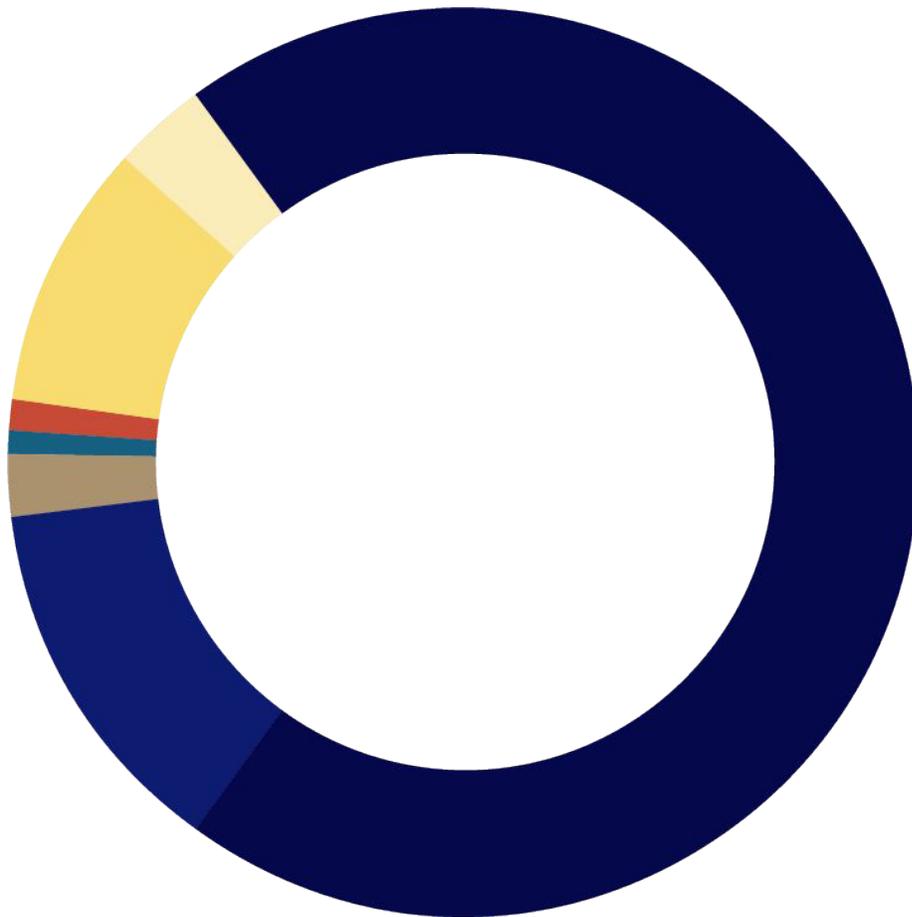
Increase the table game tax rate from **20% to 25%**



Increase the cannabis tax rate from **9% to 15%** (effective FY27)

Gov. Moore's FY26 General Fund Tax Reform

Package Raises \$987 Million to Invest in Maryland



Personal Taxes

- \$691.5** Eliminate Itemized Deductions and Changes to Brackets
- \$128.0** Capital Gains Surcharge of 1% for HHs over \$350K FAGI

Other Revenues

- \$23.7** Compliance Division Enhancements
- \$8.2** Eliminate State Funding for Enterprise Zone Tax Credit
- \$9.0** Changes to Student Debt Relief Tax Credit

Gaming Taxes

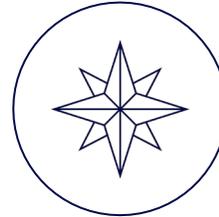
- \$95.4** Increase Sports Wagering Tax Rate (15% - 30%)
- \$31.3** Increase Table Game Tax Rate (20% - 25%)

Not Charted

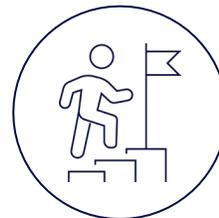
- \$134.9** Cut corporate income tax rate from 8.25% to 7.99% over two years beginning in FY 2028 and close the combined reporting loophole
- \$90.2** Increase cannabis tax rate from 9% to 15% effective FY 2027 (18 month lead time)

LOOKING FORWARD

In partnership with the
General Assembly, we will
deliver a balanced budget that
meets this moment and
promotes prosperity for all of
the people of our state.



We have been **asset rich but strategy poor** for far too long—
this budget represents a plan to promote our values.



The work ahead will be complicated, but **we will make it through these storms as we always have—together.**



THE OFFICE OF GOVERNOR
WES MOORE