

Maryland Department of Planning
Fiscal Year 2026 Operating Budget
Response to Department of Legislative Services Analysis

**Senate Budget & Taxation Committee – Public Safety, Transportation and the
Environment Subcommittee**
Senator Michael A. Jackson, Chair
January 31, 2025

House Appropriations Committee – Transportation and Environment Subcommittee
Delegate Courtney Watson, Chair
February 3, 2025

Personnel Data

The fiscal 2026 allowance adds 7 regular positions due to contractual conversions. The number of contractual full-time equivalents decreases by 10. However, MDP indicates not all 10 contractual full-time equivalents may be eliminated. MDP should comment on its plan for the contractual conversions.

Planning Response: MDP’s ten contractual positions are located at the Maryland Historical Trust office at Crownsville and at Jefferson Patterson Park and Museum and are funded in a variety of ways. Almost all of these positions are primarily special funded. While it would be ideal to make all of these positions permanent, the associated fund sources are not fungible or stable enough to support these positions permanently. The additional general funds provided will assist with conversions and we will seek to convert contractual positions to permanent on a rolling basis through fiscal 2026 as special funds become available.

Key Observations

1. Maryland 250 Commission

MDP should comment on how much funding it currently has remaining and whether funding from prior years will be available to spend in fiscal 2026. If previously allocated funds are available, MDP should comment on whether the full \$250,000 is needed in fiscal 2026 and how the funding will be spent.

Planning Response: The Maryland 250 Commission made significant progress in 2024, holding a Commission kickoff event in partnership with the State House Trust and Maryland State Archives commemorating the 150th anniversary of Frederick Douglass’ 1784 visit to Annapolis, and co-sponsoring both an opening night reception at the Chestertown Tea Party and a recognition ceremony at the Maryland State Fair for nine Maryland student winners of America250’s America’s Field Trip. Commission staffing has grown to a total of four and the Commission website, social media channels, and monthly newsletter became operational in the spring. Statewide virtual convenings of stakeholders are occurring every six weeks, and all counties and Baltimore City have been visited by Commission staff. Signature grant programs

of the Commission include the MD Two Fifty Citizen Academy Program, the Inclusive History Grant Program, and the MD Two Fifty Fellows. To date, 45 grants have been awarded to local government and non profit applicants totaling \$187,000, with grant applications continuing to be solicited.

With the 2026 commemorative year just around the corner, unexpended funds from fiscal year 2024 are needed to support the Commission’s ambitious action plan. In particular, these funds will support two new initiatives that are unique to Maryland’s 250th commemoration:

- 1.) Development of a MD Two Fifty branded video game designed by a Maryland firm with Commission themes and priorities, that will be educational, fun, and engaging, and available for free to users, with an audience of middle school through adult. \$150,000

- 2.) Two-year partnership with professional minor league baseball teams throughout the State with MD Two Fifty theme nights, local history trivia questions, civic information booths, and a celebration of service. \$30,000 seed money - actively seeking funding partners for this project.

Fiscal year 2026 funding will be used to support the ongoing work of the Commission as it enters the first half of its most active commemorative year as follows:

	FY26
Personnel (contractual staff)	57,000
DSCI Maryland Corps and Service Corps members	51,000
Minor league stadium baseball partnership	75,000
Commission special events and meetings	25,000
Contractual services	10,000
Printing, supplies and materials	7,000
Travel, Conferences, Exhibitor costs	15,000
Uplift Alliance Fiscal Sponsor	10,000
Total:	\$250,000

2. Historic Revitalization Tax Credit

In light of the State's fiscal situation, DLS recommends reducing fiscal 2026 funding for the Historic Revitalization Tax Credit program's competitive commercial credits by \$2 million to a total of \$18 million.

Planning Response: Reductions to the Historic Revitalization Tax Credit Program will have a detrimental effect on redevelopment activity in existing communities across the State and will make conversion of existing contractual tax credit staff positions even more difficult since tax credit fee revenue funds these positions. MDP respectfully disagrees with the recommendation. MDP recognizes the fiscal challenges faced by the State and, if the legislature moves forward with this reduction, recommends an alternative approach to this proposed reduction that is expected to lessen its adverse impact.

The competitive commercial component of the Historic Revitalization Tax Credit Program is consistently highly competitive and oversubscribed. During the fiscal year 2026 round alone, sixteen applicants sought more than \$38 million in tax credits for construction projects totaling more than \$236 million in estimated costs when only \$20 million was available to award. In contrast, demand for the small commercial component of the program – which has a rolling application deadline – is less intense. So far this year, for example, only \$126,765.76 of the fiscal year 2025 appropriation of \$2 million has been allocated. By statute, unused fiscal year 2025 small commercial tax credit funds will roll-over and be available to award in fiscal year 2026.

Based on the scenario described above, if this reduction moves forward, MDP recommends taking the \$2 million reduction from the small commercial instead of the competitive commercial component of the program. In this way, the substantial positive effects of large scale rehabilitation projects will not be impacted while sufficient funds for the small commercial component of the program will still be available for award in fiscal year 2026.

Operating Budget Recommended Actions

- 1. Reduce funding for the Maryland Historic Revitalization Tax Credit program's competitive commercial credits by \$2,000,000.**

Planning Response: MDP respectfully disagrees with the overall reduction but, if it moves forward, recommends taking this reduction from the small commercial component of the Historic Revitalization Tax Credit Program.