MONTGOMERY COUNTY OFFICE OF INTERGOVERNMENTAL RELATIONS
GENERAL ASSEMBLY 2025 END OF SESSION SUMMARY

Overview

By the fall of 2024, the two prominent issues that would drive the 2025 Session were already well established: the State budget and energy. Neither of these issues were unfamiliar. The widening of an existing structural gap between State spending and revenue projections was known. On the energy front, a growing fundamental imbalance between supply and demand for energy in Maryland was also known. In both cases, the dynamics changed rapidly as the Session approached, with a fiscal 2026 deficit estimated to be at least $3 billion (about 12% of the State's total General Fund budget) and consumer energy prices projected to spike dramatically, making it urgent for the General Assembly to take immediate action during the 2025 Session. How to create strategies that balanced competing interests while making meaningful progress, given how complicated the issues are, dominated the Session.

A recap of how the General Assembly approached these issues follows, in addition to summaries of legislation addressing other County priorities identified in Montgomery County's 2025 Session State Priorities.

State Budget

Not long after the Session began, the projected fiscal 2026 deficit had increased to an estimated $3.3 billion. That estimate did not factor in the outsized presence of the federal government in Maryland, where one in every 10 members of the workforce was a federal employee and could be impacted by the new federal leadership's aggressive pursuit to drastically downsize federal agencies. It also had not factored in other risks, including the potential impact of the new leadership's federal budget reconciliation plans and evidence that appropriations for grants and federal reimbursements, even if obligated, may not be honored. Also not factored in was the impact of State legislation passed in 2023 that could cost the State billions of dollars to settle litigation related to claims of child sexual abuse in State facilities. The circumstance the State found itself in necessitated making immediate and difficult decisions. The solution offered by the Governor to reconcile the State's general fund budget included $1.9 billion of new revenues and transfers and about $1 billion in spending reductions. Reforming the State personal income tax was the predominant new revenue generator in the Governor's plan. Coupled with a surcharge on capital gains for those with higher incomes, the total estimate for the two income tax pieces was about $820 million.

Local governments were also caught in the crosshairs of the reconciliation process. The plan shifted more of the State's costs to support teacher retirement, the operations of the State's Department of Assessments and Taxation, and nonpublic school placements to local governments. While funding for the Blueprint was not a driver of the State's cash deficit, its reliance on the State's general fund beginning in fiscal 2028 was the key driver of structural problems in the out years. For this reason and implementation considerations, the Governor's proposal delayed certain components of the plan that resulted in a reduction to the Blueprint's Foundation Program, which negatively impacted public PreK-12 school funding at the local level, beginning in fiscal 2026. (discussed under "Education" in more details).

While many of the operating budget reconciliation details were retained by the General Assembly, there were some significant differences, including the need to also address a $280 million revenue write down that was announced in March. The final budget that passed on *sine die* raised about $1.7 billion in new revenues and transfers and $1.6 billion in spending reductions. Among the differences, both the State personal income tax and capital gains surcharge plans were revised so that together, they raised about $573 million to help balance the State General Fund. A new entry to the plan was imposing a 3% sales tax on data/IT services which was estimated to generate about $482 million. (*See* Attachment 1 on pages 1 and 2, Budget Reconciliation and Financing Act (HB 352) Tax Provisions.)

The revenue generated from new taxes and fees, fund balance transfers, cost shifts, and other spending reductions all taken together resulted in a fiscal 2026 balanced State general fund budget. These details are reflected in two enrolled bills – House Bill 350, *Budget Bill (Fiscal Year 2026)*, and House Bill 352, *Budget Reconciliation and Financing Act of 2025*. However, by the numbers, the State's fiscal problems are far from resolved. By fiscal 2030, if not addressed beforehand, the State's general fund structural deficit creeps back up to where it was at the start of the 2025 Session. These estimates do not factor in the downside economic risk that changing federal dynamics pose.

Other measures that had to be taken to address another year of shortfalls in the Transportation Trust Fund are outlined under the "Transportation" section.

The Impacts of the State Budget on Montgomery County

Montgomery County was impacted in a number of ways from the fallout of the State's budget crisis. On the operating side, direct State aid to the County was generally not impacted since the major categories of State aid – mostly primary and secondary education aid – were largely maintained at current law levels. Overall, State aid grew from fiscal 2025 to fiscal 2026 by $75.1 million , or from $1.13 billion to $1.21 billion, which on a percentage basis reflects an increase of 6.6%. (*See* Attachment 2, Montgomery County Local Aid Year-Over-Year Comparison chart.). While retirement payments made on behalf of the County government also reveal increases, they do not reflect the fact that the numbers would have been higher had the State not permanently shifted about $21 million of these costs onto the County. Other costs shifts also occurred, outside of direct State aid and retirement payments. The total list of these permanent cost shifts from the State to counties, for Montgomery County, is shown below.

- Public PreK-12 and community college retirement – $21 million
- Nonpublic special education – $3.6 million

- Operating costs of the State Department of Assessments and Taxation – $3 million
- Erroneous conviction settlements – unknown

On the tax front, as currently estimated, the changes that were made to the State personal income tax and the capital gains surcharge will result in nearly half of the $711 million of those new State income tax revenues generated being paid by Montgomery County taxpayers. Because local income tax calculations are tied to the State personal income tax, the revisions to the State income tax will result in an estimated $21 million more in Montgomery County local income tax revenues.

Also, a long sought after request to raise the local income tax cap from its current rate of 3.2% was granted. Beginning in Tax Year 2025, counties are authorized to raise their local income tax top rate to 3.3%.

On the capital side, Montgomery County did well, with an estimated $134.9 million of new State investment coming to the County for fiscal 2026. This includes $52.1 million for public school construction and $82.8 million for other important infrastructure projects – health facilities, community revitalization, arts and culture, housing, parks and recreation, libraries, and others. (*See* Attachment 3, Montgomery County Capital Projects chart).

Transportation

Due to lack of funds identified in the fall of 2023 to fund the State's Consolidated Transportation Program (CTP), about $350 million in new transportation revenues were raised in the 2024 Session to shore up the program. However, those "fixes" were short-lived. By the fall of 2024, the shortfalls appeared again, hampering the ability to fund the operations of the Maryland Department of Transportation (MDOT) and once again, the projects included in the CTP. While a long- term solution for restructuring Maryland's antiquated system for financing its transportation infrastructure needs remains elusive, an additional $500 million will be generated beginning in fiscal 2026 to help stabilize funding. As introduced by the Governor, $400 million of the Administration's $420 million plan to address the shortfalls was generated from charging a 75-cent retail delivery fee and repealing the vehicle trade-in allowance for most vehicle purchases. Neither of these proposals was ultimately included in the final transportation funding package. Instead, the Legislature's $500 million plan included a litany of changes, including splitting the revenues generated from the new capital gains surcharge evenly between the State's general fund and the Transportation Trust Fund (TTF), doubling the certificate of title fee, increasing the vehicle excise tax and applying an excise tax on short term rental vehicles, and accelerating the scheduled increase in the vehicle registration fee. (*See* Attachment 1 on pages 2 and 3.)

While resolving the short-term needs of the Transportation budget had statewide implications, several legislative and budget proposals were more focused on Montgomery County, and its strong interest in expanding transit.

- Bus Rapid Transit – increases from $20 to $25 million the annual minimum amount that Montgomery County will receive from the Maryland Department of Transportation's $27 million Bus Rapid Transit Grant Program (House Bill 352)

- Purple Line – (1) makes available to Montgomery County about $3.4 million to improve pedestrian and bicycle access to Purple line stations; (2) authorizes a $100,000 grant to provide free parking in Silver Spring during Purple Line construction; and (3) requires the Maryland Transit authority (MTA) to develop a limited free ridership program and marketing assistance program for a period of time for Purple Line riders residing and businesses located within a .25-mile radius of a Purple Line track. (House Bill 527)

- Maryland Transit Authority (MTA) – creates a workgroup to study the potential of reorganizing MTA and make recommendations, including submitting draft legislation by December 31, 2026, to accomplish the reorganization. The MTA is a modal unit within the Maryland Department of Transportation that operates all transit in the Baltimore region, Maryland Area Regional Commuter (MARC) trains, once completed at the end of 2027, the Purple Line, and paratransit/disability vehicles. (House Bill 517)

Economic Development

Two pieces of legislation that were taken up were of particular interest to Montgomery County this year.

The first was introduced as a local bill, House Bill 1228, *Department of Commerce - Montgomery County Agricultural Reserve Study MC 15-25*. The legislation requires the Maryland Department of Commerce in coordination with various Montgomery County agencies and organizations to study economic development in the Montgomery County Agricultural Reserve, with a focus on the tourist and visitor economy. The legislation outlines how the study should be conducted, including its purpose, which is to use the work product to help inform how best to promote and preserve the Ag Reserve and support the small businesses, recreation sites, and historic sites that depend on the visitor and tourist economy.

The Administration's House Bill 498/Senate Bill 427, *Economic Development - Delivering Economic Competitiveness and Advancing Development Efforts (DECADE) Act*, would have taken various actions to streamline and update the State's economic development programs. In general, the bills would have: (1) targeted support for high potential industry sectors; (2) streamlined, transferred, and/or rebranded specified programs; and (3) repealed, sunset, or enhanced other specified programs, entities, and tax credits. One of Montgomery County's specific interests pertained to the bill's provisions related to changes to Regional

Institution Strategic Enterprise (RISE) zones. There is a RISE zone located on Montgomery College's Pinkney Innovation Complex for Science and Technology in Germantown and it could more effectively fulfill its economic development goals with some changes to the RISE zone program. As introduced, the bills were 129 pages long. Given the legislation's complexity and the competing need to address the State's budget crisis and emergent energy issues, the bill did not pass this year, although it did advance out of the Senate late in the Session.

Education

One of the Governor's key legislative initiatives this year was House Bill 504, *Excellence in Maryland Public Schools Act*. As introduced, the bill would have imposed a four-year pause on the mandated "collaborative time" component of the Blueprint for Maryland's Future (Blueprint), which requires that the amount of collaborative time spent by teachers outside the classroom for skill development, curriculum planning, and other collaborative efforts be increased from 20% to 40% over a period of years starting in fiscal 2026. The Governor cited current teacher shortages and the difficulty in hiring 12,000 to 15,000 teachers necessary to allow for increased time outside the classroom. To address that challenge, the bill created a variety of programs aimed at growing, recruiting, and retaining teachers.

As introduced, the Governor's bill reduced State funding associated with the costs of collaborative time flowing through the per pupil Foundation, Compensatory Education, and English Language Learners formulas, with a $14.4 million total reduction for Montgomery County. It also imposed a two-year freeze in fiscal 2027 and 2028 on per pupil State funding distributed to community schools under the Concentration of Poverty formula and on the addition of new community schools to the program. The rationale provided for the change to the community schools program was the need to develop guidance to improve quality and consistency throughout the State.

The General Assembly passed House Bill 504 with significant amendments. The final bill imposes a three-year pause on mandated collaborative time but makes no reductions to State aid in fiscal 2026 associated with that pause. However, the portion of State aid flowing through the Foundation formula that is associated with collaborative time will be taken out of the per pupil amount in fiscal 2027 and 2028, added back in fiscal 2029 at the second-year implementation level, and increased incrementally each fiscal year thereafter until fiscal 2035, commensurate with incremental implementation of mandated collaborative time over the same period. The bill still includes a variety of provisions relating to producing, recruiting, and retaining teachers, including provisions that:

(1) Break the current School Leadership Training Program into two components: (i) the School System Leadership Training Program for the State Superintendent, county superintendents, and the chair and vice chair of the State Board, county boards, and the Accountability and Implementation Board (AIB); and (ii) the Maryland School Leadership

Academy for principals, assistant principals, and school-based or county board leaders interested in developing instructional leadership skills;

(2) Establish a National Teacher Recruitment Campaign and a Maryland Teacher Relocation Incentive Grant Program;

(3) Modify the current Grow Your Own Educators Grant Program to support collaboratives with universities and other entities that offer teacher licensure programs with on-the-job experiential learning for individuals employed by local school systems who pledge to fulfill a 3-year service obligation in a high needs school, grade level, or content area;

(4) Establish an Academic Excellence Program to fund instructional coaches and professional learning coordinators to support teachers and administrators statewide; and

(5) For fiscal 2026, require the Maryland State Department of Education (MSDE) to provide technical assistance to schools to develop innovative models for collaborative time that improve teacher retention and student learning.

The bill makes no reductions to State aid for community schools or the number of new schools to be added to the program in future years and provides school systems with flexibility to spend up to 50% of the per pupil aid flowing through the Concentration of Poverty formula on behalf of each eligible school if there are at least 10 community schools in the system or if community schools make up at least 35% of the schools in the system. MSDE may establish requirements for how school systems spend State funding on behalf of community schools and must evaluate the community schools' program and establish requirements for school-level and county-wide implementation plans.

The State budget for fiscal 2026 shifted over $90 million for the cost of teacher retirement from the State to counties. The final version of House Bill 504 includes language that amends provisions of current law that allow a county to exceed a charter limit on property tax rates or revenues for the sole purpose of funding the approved budget of a local board of education to expressly state that the existing authority to exceed charter limits applies to payments made by a county to the Teachers' Pension System.

The State costs associated with implementing the Blueprint are currently covered by the Blueprint for Maryland's Future Fund (Blueprint Fund), into which a variety of dedicated revenue streams are deposited. The Blueprint Fund includes revenues from: (1) gaming activities; (2) the sales tax; (3) the digital advertising gross revenues tax; (4) sports wagering proceeds; and (5) fantasy competition proceeds. Blueprint implementation costs are projected to exceed dedicated revenues in the Blueprint Fund beginning in fiscal 2028 (but may happen sooner depending on economic conditions in the State). Any deficiency would have to be covered by State General Fund revenues. In the face of potentially dire impacts on the State's economy relating to disruption at the federal level, the bill includes a "contingent reduction" of State aid for education in future fiscal years that is triggered if there is a cumulative reduction in State Board of Revenue estimates for the Blueprint Fund and State General Fund of at least 3.5% between March and December of any given year. If that contingency occurs there will be no increase in State aid for education the following fiscal year.

The bill requires MSDE, in consultation with the AIB, to hire an independent entity to conduct a study of special education funding in the State and make recommendations regarding potential changes to funding formulas, including establishment of multiple weights for special education funding based on disability and level of services and support needed. The bill also extends for two years an existing requirement to distribute part of the Foundation formula per pupil aid to local workforce development boards to fund career counselling for middle and high school students and requires the AIB to evaluate the effectiveness of the program and make recommendations for how it should be implemented in future years.

House Bill 1245/Senate Bill 852, *Blueprint for Maryland's Future - Alterations*, which were requested by the Public School Superintendents' Association of Maryland and would have made significant changes to many components of the Blueprint, never gained traction in either chamber. Among other things, the bills would have: (1) imposed income eligibility requirements for publicly funded participation in college and career pathways; (2) expanded the definition of Tier 1 children for the purpose of determining eligibility for publicly funding prekindergarten; (3) modified the career ladder for teachers; (4) provided flexibility regarding the requirement that 75% of per pupil funding follow students to their respective schools; (5) required a study of the use of national board certification requirements for teachers; (6) modified the amount of State aid for community schools that may be spent by the school system on behalf of the schools; and (7) required MSDE to conduct a comprehensive study of the adequacy of special education funding. Although not with identical language, the latter two ideas relating to special education funding and community schools were incorporated into the final version of House Bill 504.

Housing

The Governor unsuccessfully pursued a housing initiative this year that was intended to address housing infrastructure gaps throughout the State. As introduced, House Bill 503/Senate Bill 430, *Land Use - Regional Housing Infrastructure Gap (Housing For Jobs Act)*, would have created a mechanism for identifying shortages of housing units by comparing housing stock to the total number of jobs in a region. If there were more than 1.5 jobs per housing unit, a region would have been considered as having a shortage. Regional infrastructure gaps would have been allocated to counties based on their percentage of regional jobs. If an infrastructure gap existed in a county, the bill would have imposed an obligation to approve new housing units unless there was a reason for denial that outweighed the community's need for housing and established nine specific factors that can be used to deny housing projects.

The bills were controversial both technically and substantively. Many stakeholders believed the bills were drafted poorly in terms of clarity and consistency because much of the terminology in the bills and the meaning of many of their provisions were very confusing. The Maryland Association of Counties (MACo) opposed the bills because of the breadth of local preemption as well as confusion about their meaning. The House passed House Bill 503 less than a week before *sine die* after gutting the bill and substituting provisions that: (1) required the Department of Housing and Community Development (DHCD) to establish housing production targets every 10 years for the State, counties, and municipalities and report each year on progress toward the targets; (2) established new rules relating to the laws and regulations to be applied to applications for housing projects that would have overridden decades of caselaw governing "vesting" of property rights; and (3) established a Housing Opportunities Made Equitable (HOME) Commission to study factors that impact housing supply and affordability and recommend ways to improve housing supply and affordability. On the morning of the last day of Session, the Senate Education, Energy, and Environment Committee voted House Bill 503 favorable with amendments that struck the vesting provisions in the bill. However, the bill died in Committee because it was never reported to the Senate floor.

To address the State's need for increased production of affordable housing, the Legislature passed House Bill 1466/Senate Bill 891/, *Land Use and Real Property - Accessory Dwelling Units - Requirements and Prohibitions*, which codify the State's policy to promote and encourage the creation of Accessory Dwelling Units (ADUs) on land with a single-family detached dwelling unit as the primary dwelling unit in order to meet the housing needs of the State. The bills direct each local jurisdiction to adopt a local law by October 1, 2026, that authorizes the development of accessory dwelling units and provides for the size, location, and other technical aspects of ADU construction as well as considerations related to parking and utilities. The applicability of the bills extends to properties governed by restrictions on use such as bylaws or rules of a homeowners association, a deed, or contract so long as the property owner has the exclusive right to use the property. The bills prohibit these restrictions on use from imposing an unreasonable limitation on the ability of a property owner to develop or offer for rent an accessory dwelling unit.

House Bill 390/Senate Bill 327, *Affordable Housing Payment In Lieu of Taxes Expansion Act*, authorize county governments to exempt real property used for rental housing from the county property tax if (1) the property owner maintains at least 25% of the rental housing units as affordable dwelling units; (2) and enters into a payment in lieu of taxes (PILOT) agreement with the county government, for at least 15 years. Should a county want to require the owner of real property to maintain a higher percentage of rental housing units as affordable housing, it may do so under the bills.

Employee Benefits

The *Time to Care Act of 2022* established a Family and Medical Leave Insurance (FAMLI) Program to ensure that eligible Maryland workers could take up to 12 weeks away from work to care for themselves or a family member under specified circumstances and still receive income of up to $1,000 a week. This year, the General Assembly passed House Bill 102, *Family and Medical Leave Insurance Program – Revisions*, to delay implementation of the program by 18 months to allow the Maryland Department of Labor to promulgate necessary regulations and address other implementation challenges, and to provide flexibility for employers in the face of significant uncertainty about ongoing economic conditions in Maryland . The start date for employer and employee contributions was extended from July 1, 2025, to January 1, 2027. The start date for payment of employee benefits was extended from July 1, 2026, to a date not earlier than January 1, 2027, and not later than January 3, 2028, as determined and announced by the Secretary of Labor. The bill also ensures that employers, such as Montgomery County, who choose to implement the FAMLI program through a private plan will not be burdened with unnecessary early payroll contributions. Rather, the start date for contributions and benefits would be the same.

Local Autonomy

Local Income Tax

As discussed above, House Bill 352, *Budget Reconciliation and Financing Act of 2025* (BRFA), included various provisions that reduced State aid to counties and shifted costs currently handled by the State to counties. To help counties address these State aid reductions and cost shifts, the BRFA increased the maximum local income tax rate from 3.2% to 3.3%.

Towing

For the second year in a row, the General Assembly considered a bill that would have created a "possessory lien" for towing companies that would give them legal authority to refuse to return a car that was towed from a private parking lot when the vehicle owner is unable to immediately pay towing and storage fees. In advocating for *Senate Bill 883*, *Commercial Law - Statutory Liens - Motor Vehicles Towed or Removed From Parking Lots,* towing companies argued that this practice was already legal and that the bill was simply codifying existing common law. At the County Executive's request, the Montgomery County Office of Consumer Protection (OCP) and Office of Intergovernmental Relations worked with the Maryland Association of Counties (MACo) and consumer protection advocates to oppose the bill on the grounds that a possessory lien does not exist as common law, the bill would undermine existing State and local consumer protection laws that govern private towing practices, and the bill was unconstitutional because it did not include necessary due process requirements, including notice and opportunity for a prompt hearing.

The primary supporter of the bill was Henry's Wrecker Service (Henry's), which is an out-of-State company that is owned by an out-of-State private equity firm. In Maryland, Henry's operates only in Montgomery County, where it towed at least 38,000 vehicles over four and a half years and asserted a possessory lien for all the tows in flagrant violation of current law. Henry's recently settled a class action suit regarding its illegal practices in Montgomery County and agreed to return $3 million to consumers. In essence, Henry's was seeking passage of Senate Bill 883 in order to make its longstanding illegal practice legal.

The Senate passed the bill with amendments that created a Post-Towing Procedure Workgroup to study how to create a legally valid possessory lien. The membership of the Workgroup had no consumer protection advocates, and the amendment language seemed to presume that creation of a possessory lien is in the public interest. In the face of continued advocacy efforts against the bill, the House passed the bill with amendments that created a Building Responsible Oversight for Wrecker Needs Commission staffed by the Office of the Attorney General, whose membership included the Attorney General himself and four consumer protection advocates, and whose duties included: (1) analyzing predatory towing practices within Maryland; (2) considering whether it is necessary, appropriate, and in the public interest to establish a possessory lien; (3) assessing the costs and resources necessary to comply with due process requirements under State and federal law if a legally enforceable possessory lien is established; and (4) assessing the fiscal impact on counties and municipalities of establishing a legally enforceable possessory lien. The bill eventually died when the Senate failed to decide whether to concur in the House amendments. Since the House passed the bill with plenty of time for the Senate to take action before the end of Session, it seems likely that the Senate failed to act on the House amendments because the bill no longer reflected the desires of the towing industry or Senate sponsor. The public hearing and worksessions sessions in the House Environment and Transportation Committee as well as the language in the House amendments reflected a clear understanding that towing companies such as Henry's who are currently asserting possessory liens are doing so illegally and that such illegal practices contributed to the desire to create a Commission whose duties include evaluating predatory towing practices.

Special Elections

To accommodate concerns from the State Elections Administrator about the growing use of absentee ballots in all elections, Senate Bill 262, *Election Law - Special Election*, amends current law governing special elections in charter counties to fill county council and county executive vacancies. These types of elections are currently governed by county charters except that State law requires that the date set for the election must allow at least 45 days between the date that a local board of elections makes the absentee ballot available to an absent uniformed services or overseas voter and the date of the election. The bill adds requirements that the date set for the special election: (1) be at least 90 days after the adoption of the resolution of the county council establishing the date of the special election; and (2) may not be within 120 days before or after a regularly scheduled election but may be concurrent with a regularly scheduled election. If the State Elections Administrator determines that a conflict exists between State law and a county charter or other county law relating to the conduct of a special election, the Administrator must conduct the special election in accordance with State law.

Cannabis

The General Assembly passed two bills relating to the recreational use of cannabis that impact local authority and responsibilities. Senate Bill 215, *Cannabis Reform - Revisions*, relates to regulation of on-site consumption establishments and location of dispensaries. Senate Bill 894, *Office of Social Equity - Community Reinvestment and Repair Fund - Modifications*, relates to the use of funds distributed to counties from the Community Repair and Reinvestment Fund (CRRF). Under current law, local governments have authority to prohibit the operation of on-site consumption establishments within their respective jurisdictions, prohibit or restrict smoking or vaping of cannabis at such establishments, and adopt reasonable planning and zoning requirements. Senate Bill 215 gives local governments authority to establish hours of operation for on-site consumption establishments and authorizes an on-site consumption establishment to operate as a food service facility only after obtaining necessary permits, licenses, and certificates from the local government.

Generally, current law provides that a cannabis dispensary may not be located within 500 feet of: (1) a pre-existing primary or secondary school, licensed child care center, or registered family child care home; or (2) a pre-existing playground, recreation center, library, public park, or place of worship. In addition, a dispensary may not be located within 1,000 feet of another dispensary. These distance requirements do not apply to a medical dispensary licensee that converted to a cannabis business licensee and was properly zoned and operating before July 1, 2023. A local government may adopt a law reducing (but not increasing) the specified distance requirements. However, a local government may not increase the distance limitation between dispensaries to more than one-half mile. Senate Bill 215 repeals local authority in this area by specifying that the default distance requirements listed above will apply unless a county or municipality adopts a different requirement by July 1, 2025.

Under currently law, 35% of the revenues from the State's 9% tax on the sale of recreational cannabis products (after deducting administrative costs) are allocated to the CRRF, which is administered by the Comptroller with the assistance of the Office of Social Equity within the Maryland Cannabis Administration. Funds in the CRRF are distributed to counties based on the total number of arrests for possession of marijuana in the county compared to the total number of arrests in the State during the 20-year period between July 1, 2002, and June 30, 2022. Each county must use its CRRF distribution to fund community-based initiatives that serve low-income communities or communities that were disproportionately harmed by the cannabis prohibition and enforcement and must enact a local law that identifies the specific purposes for which the funds will be used. CRRF funds may also be used to cover a county's administrative expenses.

Senate Bill 894 provides a list of illustrative programs that qualify as community-based initiatives intended to benefit low-income communities, including: (1) behavioral health crisis response services; (2) education and after-school programs; (3) truancy and absenteeism intervention programs; (4) housing and homelessness prevention initiatives; (5) transportation improvements in high-density areas that have public transportation; (6) job training and workforce development programs; (7) community child care and recreational services; and (8) programs that benefit individuals and families impacted by incarceration. The bill also places a 15% cap on the amount of CRRF funds that may be used to cover a county's administrative expenses and requires each county to: (1) hold CRRF funds separately from other revenues; (2) develop a plan for distributing CRRF funds to community-based organizations after consulting with other stakeholders and holding a public hearing; and (3) report annually on the organizations that receive funds, the methods used to solicit, review, and select organizations, and the amount used for administrative expenses.

Health and Human Services

House Bill 962/Senate Bill 696, *Public Health - Pediatric Hospital Overstay Patients and Workgroup on Children in Unlicensed Settings and Pediatric Overstays*, supports the County priority to reduce emergency department wait times and improved protocols for referral to behavioral health treatment facilities. In an effort to connect pediatric hospital in-patients with treatment outside of the hospital setting, the bill clarifies that the Maryland Mental Health and Substance Use Disorder Registry and Referral System in the Maryland Department of Health (MDH) is to be used as a statewide system through which health care providers can identify and access available private and State inpatient and outpatient mental health and substance use services for patients. The bills direct hospitals to seek to transfer pediatric patients who are in an inpatient unit or emergency department for more than 48 hours after medical clearance for discharge or transfer within 48 hours of identifying an appropriate inpatient bed on the Maryland Mental Health and Substance Use Disorder Registry and Referral System. The bills also create coordinator positions within MDH and the Department of Human Services to advocate in the best interest of pediatric overstay patients by coordinating between hospitals, relevant State agencies and programs, and providers of mental health and substance use disorder services. Under the bills, for fiscal 2026, the Governor may include in the annual budget bill an appropriation necessary to staff five additional beds at the John L. Gildner Regional Institute for Children and Adolescents. Finally, the bills create a workgroup to study pediatric overstay patients and children living in unlicensed settings, such as a hotel, an office building, or a shelter, to develop a comprehensive and sustainable resource development plan designed to increase the number of licensed settings and end the use of pediatric overstays in unlicensed settings.

Language was included in the Budget Reconciliation and Financing Act (House Bill 352) in response to the County priority to gain the authority to elect to conduct on-site surveys and complaint investigations in nursing homes. The bill generally gives the County the option to return to the circumstances under the memorandum of understanding which the State and County operated under until the end of fiscal 2021, which included a cost share of the staffing expenses of conducting the inspections. Additionally, Senate Bill 376, *Maryland Department of Health and Office of Health Care Quality - Nursing Home Inspections - Reporting*, requires MDH to report to the General Assembly on a quarterly basis regarding the number of surveys conducted in each county, disaggregated by type, including standard surveys, complaint surveys, and follow-up surveys, among others. Every six months, MDH is required to report to each county's Local Area Agency on Aging the name of each nursing home in the county that was surveyed in the preceding six months and the date the survey was conducted.

As the State continues to experience a challenge to the availability and affordability of child care seats, the Legislature passed a number of bills to address these issues. House Bill 185/Senate Bill 359, *Therapeutic Child Care Grant Program - Funding – Alterations*, require the Governor to fund the Therapeutic Child Care Grant Program at $3.7 million for fiscal 2027 through 2029. The Program provides grants to providers that specialize in providing child care and early childhood education to children under the age of six years who have developmental delays, physical disabilities, or delays in social, emotional, or behavioral functioning.

House Bill 389/Senate Bill 516, *Property Tax - Day Care Centers, Child Care Homes, and Child Care Centers*, provide a personal property tax exemption and local real property tax credit for large family child care homes and repeal a requirement that improvements to real property must be completed after July 1, 1988 in order to be eligible for the property tax credit. The bills specify that the amount of the annual property tax credits for day care centers and child care homes may not exceed $10,000 or the amount of property tax due.

Recognizing the bureaucratic burden of providing licensed child care, House Bill 477, *State Department of Education - Family Child Care Homes and Child Care Centers - Regulatory Analysis*, requires the Maryland State Department of Education to conduct an analysis of the regulatory framework for child care facilities with particular emphasis on regulations that limit a person's ability to register a child care facility, receive a license to operate a child care center, or operate a child care facility in a profitable manner while providing quality care. An interim and final report are to be submitted to the Governor and the General Assembly by January 1, 2026, and September 1, 2026, respectively.

House Bill 785, *Common Ownership Communities and Zoning Authorities - Operation of Family Child Care Homes - Limitations*, encourages the development of family child care homes by prohibiting the governing documents of a cooperative housing corporation, condominium, or homeowners association from prohibiting or restricting: (1) the establishment and operation of a family child care home or large family child care home; or (2) the use of the roads, sidewalks, and other common elements of the common ownership communities by users of the family child care home or large family child care home. The bill also prohibits common ownership communities and local jurisdictions from limiting the number of children for which a family child care home or large family child care home provides family child care to below the number authorized by the Maryland State Department of Education (up to eight children and twelve children, respectively). The bill's provisions do not apply to housing that is restricted for occupancy to individuals over a specified age.

House Bill 862, *Child Care Affordability Commission – Establishment*, was referred by the House Ways and Means Committee to Interim Study. If enacted, the bill would have established the Child Care Affordability Commission to study and make recommendations regarding child care affordability in the State. The Commission would have been tasked with identifying: (1) obstacles to obtaining a fiscally sustainable system of child care and early childhood education that meets the needs of children living in poverty; (2) barriers to increasing the supply of child care while offering additional supports and incentives to achieve and maintain quality; (3) measures to ensure the success and sustainability of the Child Care Scholarship Program for working families and any additional measures to support working families, including business tax credits and other incentives for investments in child care; (4) revenue streams to create an adequate and sustainable source of funding for child care in the State; and (5) the economic threshold the State should use to cap the cost of child are for families in the State.

The State budget for the Developmental Disabilities Administration (DDA) was targeted for large reductions in the Governor's proposed budget. By the close of Session many cuts had been restored. The Governor's proposed budget included a $56 million reduction in the Geographical Differential Rate (GDR) for fiscal 2025 and eliminated the program in fiscal 2026, for a cost savings of $112 million. Providers of services for individuals with developmental disabilities in Montgomery County are beneficiaries of the rate differential and stood to lose significant revenue with the elimination of the program. Negotiations between the Legislature and Administration resulted in a restoration of the GDR in fiscal 2025 and a cap on the rate for fiscal 2026 at 10% higher than the traditional reimbursement rate. The final budget also preserved the Low Intensity Support Services program and dedicated hours calculation identified by advocates as critical to many individuals receiving services from DDA. While these restorations were a significant change from the proposed reductions when the budget was introduced, the Legislature ultimately did not include a 1% rate increase (valued at $28.7 million) for fiscal 2026 for providers of services for people with developmental disabilities that had been included in the Governor's budget request.

Energy, Climate, and Environment

Energy issues took center stage this year. Dozens of bills were introduced related to the generation, transmission, distribution, storage, and use of energy, with an overall focus on increasing energy supply to help combat rising energy costs.

Foremost among those were three bills introduced as a package by House and Senate Leadership, all of which passed with significant amendments. House Bill 1035/Senate Bill 937, *Electricity and Gas - Emissions Reductions, Rate Regulation, Cost Recovery, Infrastructure, Planning, Renewable Energy Portfolio Standard, and Energy Assistance Programs (Next Generation Energy Act)*, primarily aims to increase in-State electricity generation by encouraging the development of new natural gas and nuclear power plants. The bills will directly impact the County by removing waste incineration from counting under the State's Renewable Portfolio Standard, and consequently the County's ability to earn renewable energy credit revenue associated with electricity generated at the Resource Recovery Facility. This change will be effective for the County's facility on July 1, 2026, eighteen months after the effective date for other facilities. The bills also: (1) support the development of battery storage projects; (2) impose limitations on utility infrastructure plans and cost recovery; (3) establish requirements for large load customers like data centers to help protect residential ratepayers; (4) allow the Department of Housing and Community Development to issue loans for energy improvements; and (5) establish energy relief payments for all Maryland ratepayers, among other changes.

House Bill 1036/Senate Bill 931, *Public Utilities - Generating Stations - Generation and Siting (Renewable Energy Certainty Act)*, streamline the development of new large ground-mounted solar projects in Maryland (i.e., projects with a nameplate capacity rating of one megawatt and above, which tend to require at least five acres of land). The bills establish new statewide siting standards for these projects (e.g., setbacks from adjacent property and visual buffers) as well as standards for new battery storage projects and prohibit counties from denying permits for projects that conform to those standards. The bills also establish an expedited approval process for community solar projects and prohibit projects above five megawatts from being built on land in locally designated growth areas and dense residential areas. Importantly, the bills include a provision that will help preserve farmland in Montgomery County's Agricultural Reserve through a cap limiting solar projects to occupying a maximum of five percent of any priority preservation area. The bills also: (1) remove apiaries and pollinator habitat from the definition of agrivoltaics; (2) require the Department of Natural Resources to analyze land owned by the State for its potential suitability for solar; (3) require the Maryland Department of Labor to create a new "solar contractor" license for the installation and maintenance of rooftop solar systems; and (4) require the PSC to study the feasibility of establishing a community solar automatic enrollment program for use by local jurisdictions.

House Bill 1037/Senate Bill 909, *Energy Resource Adequacy and Planning Act*, establish a Strategic Energy Planning Office to assess wholesale energy market financial, resource adequacy, and reliability risks and identify necessary cost-effective solutions to ensure electric system reliability while meeting the State's energy policy goals.

In addition to the Leadership package, the General Assembly passed legislation this year that will significantly impact the energy use of large buildings in Montgomery County. House Bill 49, *Environment - Building Energy Performance Standards - Alterations and Analysis*, revise the State's Building Energy Performance Standards (BEPS) law previously adopted in 2022. The bill requires the Maryland Department of the Environment (MDE) to certify the County's BEPS program and waive the requirement for covered buildings in Montgomery County to comply with the statewide program, meaning these buildings will only need to comply with the County's BEPS program moving forward. The bill also enhances the County's enforcement authority by allowing the use of penalties and alternative compliance fees that match those available to MDE for the statewide program. In addition, the bill exempts hospitals from the statewide program and requires MDE to perform a study to help the State consider whether to revise the statewide BEPS program in the future.

Objectives regarding electric vehicles changed this year from adding new requirements to relaxing certain existing requirements. A late-filed bill failed to pass that would have delayed enforcement of the State's electric vehicle sales requirements, House Bill 1556, *Environment - Advanced Clean Cars II Program and Advanced Clean Trucks Program - Implementation, Application, and Enforcement*. However, the Governor issued an executive order late in the Session aligned with that legislation. The executive order directs MDE to maximize its enforcement discretion with respect to the Advanced Clean Cars II Program and Advanced Clean Trucks Program including by declining to enforce penalties for model years 2027 and 2028.

Several other important environmental bills passed this year related to County priorities in the areas of recycling and producer responsibility, and other environmental protection policies and investments. For example, Senate Bill 901, *Environment - Packaging and Paper Products - Producer Responsibility Plans*, establishes a system of extended producer responsibility for paper and packaging materials sold in Maryland. The bill requires producers of covered materials to create and implement producer responsibility plans to reduce packaging waste and increase the reuse and recycling of packaging. It makes product producers financially responsible for investing in needed infrastructure and reimbursing local governments for costs associated with transporting, collecting, and processing covered materials. The bill also requires that a statewide recycling needs assessment be updated every ten years including an evaluation of current solid waste streams, recycling rates, and infrastructure, and recommendations for improving recycling outcomes.

Finally, State budget pressures resulted in the reallocation of certain funding related to energy and climate issues. House Bill 532, *Budget Reconciliation and Financing Act of 2025*, authorizes the Governor to transfer $230 million from the State's Strategic Energy Investment Fund (SEIF) for other uses. The bill also allows SEIF funds to be used for general purposes of the MDE Air and Radiation Administration and for solar development on State property and local government clean energy projects. The bill also establishes a new tire recycling fee and State Used Tire Cleanup and Recycling Fund.

Public Safety

Reckless, Negligent, and Aggressive Driving

In late 2023, Montgomery County Police Sergeant Patrick Kepp was seriously injured after being struck on I-270 by a reckless and aggressive driver who had repeatedly engaged in dangerous driving, including incidents where he operated his car at speeds well over 130 miles per hour (mph). The Montgomery County Department of Police was familiar with the motorist, and when they were able to stop him, issued him multiple citations. Unfortunately, the penalties available to law enforcement under existing State law were inadequate in deterring repeated and flagrantly dangerous driving behavior. Effective October 1, 2025, this will change as a result of legislation passed this Session.

At Montgomery County's request, under Senate Bill 590/House Bill 744, *Motor Vehicles - Reckless, Negligent, and Aggressive Driving (Sergeant Patrick Kepp Act)*, reckless driving will become a must-appear offense, punishable by imprisonment for up to 60 days and/or a maximum fine of $1,000. Reckless driving is defined under the bills as traveling at a speed of at least 30 mph above the posted speed limit. The bills also expand the list of traffic offenses constituting aggressive driving, and alter the points assessed by the Motor Vehicle Administration against a driver's license for a negligent driving conviction. Strong hearings in both houses that included compelling in-person testimony from Sergeant Kepp, as well as support from county, State, and non-profit public safety partners, carried the bills across the finish line this year.

A second set of bills, House Bill 883/Senate Bill 710, *Criminal Law - Motor Vehicle - Criminal Negligence (Sergeant Patrick Keep Act)*, targeting enhanced criminal prosecution for operating a motor vehicle in a criminally negligent manner, did not advance this Session. Under the bills, sponsors sought a change in existing law to allow a motorist to face criminal prosecution for driving in a negligent manner that is dangerous but does not necessarily result in a death or life-threatening injury to another person.

Fentanyl

Like the rest of the country, families across Montgomery County have experienced tragic fentanyl overdose deaths. While the number of fatalities nationwide have decreased in the last year based on provisional data from the United States Centers for Disease Control's National Center for Health Statistics, another 100,000 overdose deaths are anticipated this year. Bipartisan legislation was sponsored again this year to address criminal penalties and jurisdictional prosecutions. Senate Bill 604/House Bill 1398, *Criminal Law - Distribution of Heroin or Fentanyl Causing Serious Bodily Injury or Death (Victoria, Scottie, Ashleigh and Yader's law)*, would have prohibited an individual from distributing heroin or fentanyl that results in the death or serious bodily injury to another. Upon conviction, the penalty would have increased from 10 to up to 20 years in jail – in alignment with federal law. The bills would have also allowed for the prosecution of a person to be brought in either the county where the drug violation occurred or in the county where the death or serious injury from the drug occurred. The bill titles for Senate Bill 604/House Bill 1398 included the names of two Montgomery County teenagers, Yader Rosa Flores and Ashleigh Edwards, who were lost to drug overdoses in 2022 and 2023, respectively. Despite passionate testimony from affected families, joined by local elected officials and law enforcement partners, the bills did not advance before the Session's conclusion.

Automated Traffic Enforcement

Automated traffic enforcement (ATE) cameras are used in Montgomery County and across the State and have improved public safety by deterring motorists from speeding, running red lights, and passing stopped school buses. This Session, the General Assembly considered multiple ATE bills and ultimately adopted a collection of local and State bills supported by Montgomery County.

Most notably, the Legislature passed House Bill 1173, *Montgomery County - Speed Monitoring Systems - High-Risk Highways (MC 17-25)*, authorizing limited use of speed cameras on roads that have been studied and designated as being at high risk for vehicle crashes resulting in bodily injury of death. In Montgomery County's Vision Zero 2030 Action Plan, 3% of the roads in the County account for 41% of serious and fatal crashes. With the passage of House Bill 1173, speed cameras will now be permitted on roads that were previously ineligible for ATE because of State law prohibiting speed cameras in commercial zones or on roads with posted speed limits above 35 mph.

Automated traffic enforcement got another boost this Session with the adoption of House Bill 182, *Motor Vehicles - Speed Monitoring Systems - Penalties*. In response to the 2023 crash that killed six construction workers in a work zone on the Baltimore beltway, the 2024 General Assembly created a graduated fine schedule for speeding violations captured on ATE devices operating in Maryland work zones. House Bill 182 expands the ATE work zone tiered fine schedule by creating a modified tiered fine schedule for ATE violations on Maryland roads. Under the bill, the current $40 speed camera fine would be retained for exceeding the posted speed limit between 12 to 15 mph. However, effective October 1, 2025, speeding violations captured through ATE will escalate incrementally based on specific ranges of excessive speeding to a maximum penalty of $425 for driving violations of more than 40 mph over the posted speed limit.

The scope of legislation to expand automated enforcement at stop signs in Montgomery County and Baltimore City school zones, House Bill 1032, *Baltimore City and Montgomery County - Stop Sign Monitoring Systems - Authorization (MC 4-25)*, was narrowed in Montgomery County to Takoma Park only and incorporated and passed under a different bill, Senate Bill 600, *Baltimore City and Takoma Park - Stop Sign Monitoring Systems - Authorization of Pilot Program*. Modeled after the stop sign monitoring program operating in Prince George's County, Takoma Park would be authorized to use stop sign monitoring cameras which would record a motorist failing to obey a stop sign and subject them to a fine not exceeding $40.

Bicycle Safety

This year, the General Assembly considered multiple bills focused on improving safety for vulnerable road users including pedestrians, moped and scooter users, and bicyclists.

House Bill 7/Senate Bill 627, *Vehicle Laws - Bicycles - Operation at Intersections*, would have allowed bicyclists on roads with two or few lanes to treat stop signs as yields and to continue moving slowly through an intersection without coming to a stop. The measure passed the House but failed to advance in the Senate. Opposition to the bill focused primarily on objections to treating bicyclists differently than motor vehicles, as well as concern over the safety of young or inexperienced cyclists and older pedestrians navigating an intersection.

Another statewide bill, this time focused on intersections with traffic lights and vulnerable roadway users including bicyclists, was House Bill 422, *Vehicle Laws - Bicycles, Play Vehicles, and Unicycles - Crosswalks*. The legislation would have allowed vulnerable road users facing a red light to enter a signalized intersection from both the roadway and a crosswalk, giving them a few extra seconds to clear an intersection ahead of vehicle traffic. The bill passed the House late in the Session but did not advance in the Senate.

Racial Equity and Social Justice

Montgomery County strives for racial equity and social justice in its community, based on the premise that it is both a moral imperative and is essential to the well-being of its residents and the County's economic vitality.

House Bill 964, *Montgomery County - Task Force on the Displacement of Residents of Emory Grove (MC 5-25)*, was passed unanimously in the House and Senate. The bill creates a Task Force on the Displacement of Residents of Emory Grove to study how urban renewal from 1960 to 1985 caused the displacement of this community founded by free African Americans in

1864, and it makes recommendations on potential remedies (including methods for determining eligibility and providing compensation) for former landowners and incentives for construction projects. The Task Force must submit its first report by December 15, 2025, and complete its findings and recommendations in a final report by December 15, 2026.

The General Assembly also adopted a social justice measure addressing inequalities and discrimination faced by people with disabilities. House Bill 707, V*ehicle Laws - Licenses, Identification Cards, and Moped Operator's Permits - Notation of Nonapparent Disability (Eric's ID Law)*, passed unanimously in the final hours of the Session. The bill requires that the Maryland Motor Vehicle Administration provide an applicant with the option to choose to indicate on their driver's license or identification card the applicant's nonapparent disability, defined as a physical, mental, or neurological condition that is not easily apparent or detected by others. By passing House Bill 707, Maryland now joins a growing number of states offering applicants seeking government-issued permits or identification cards to add a discrete identification marker identifying the person's invisible disability that would be recognized by first responders as an indicator of an individual who may need an accommodation to avoid potentially confrontational interactions. This bill was named for a Montgomery County resident.

Vulnerable Marylanders include a significant immigrant population living across the State. To confront hostile policies and actions regarding immigrants at the federal level, the General Assembly considered several immigration-related bills, and in the final hours of Session, passed House Bill 1222, *Public Safety - Immigration Enforcement (Maryland Values Act)*, in a mostly party-line vote. The measure directs Maryland's Attorney General (AG) to develop guidelines protecting certain "sensitive areas" from federal immigration enforcement actions and requires those locations to implement policies that are consistent with the AG's guidance. The bill contains privacy protection provisions addressing the sale and disclosure of migrant data. Notably, the adopted measure removed language prohibiting counties from entering into "Section 287(g)" agreements with. United States Immigration and Customs Enforcement (ICE), a federal program that delegates certain functions of immigration enforcement to State and local law enforcement officers.

Confronting the issue of past injustices that have contributed to modern inequality, the General Assembly adopted legislation creating a Maryland Reparations Commission. Senate Bill 587, *State Government - Maryland Reparations Commission*, makes Maryland the fourth state in the nation to establish a commission to study and make recommendations for reparations to the descendants of enslaved African Americans. The Maryland Reparations Commission will be staffed by the Maryland State Archives and will include representatives from Maryland's historically Black colleges and universities, several members of the General Assembly, the Comptroller and State Treasurer, a member from the Maryland Center for History and Culture, and the National Association for the Advancement of Colored People. The Commission's preliminary report is due by January 1, 2027, and its final report with findings and recommendations is due to the Governor and the General Assembly by November 1, 2027.

Budget Reconciliation and Financing Act (HB 352)
Tax Provisions

Income Tax – Modifications to Rates, Deductions, and Credits	Repeal the phase-in of the standard deduction Increase the standard deduction to $3,350/$6,700 (20% increase) Phase out itemized deductions for federal adjusted gross income above $200,000 by applying a 7.5% phase-out factor Add two new tax brackets for taxable income as follows: Single Filers • $500,001 – $1,000,000 (6.25%); and • Excess of $1 million (6.50%) Joint Filers • $600,001 – $1,200,000 (6.25%); and • Excess of $1.2 million (6.50%) Modify the child tax credit to phase out rather than having a cliff at $15,000	$344 M
Income Tax – Capital Gains Surcharge	Establish a 2% surcharge on capital gains for filers with income in excess of $350,000 with 1.25% to the General Fund and 0.75% to the TTF	$367 M 229 GF 138 TTF
Sports Wagering Tax	Increase the tax rate from 15% to 20% with the increase going to the General Fund	$32 M
Sales Tax on Services	Impose a sales tax on data/IT services at a rate of 3.0% and distribute the revenue to the General Fund	$482 M

Sales Tax Exemptions	Repeal sales tax exemption for sales of photographic and artistic material used in advertising	$21 M
	Repeal sales tax exemption for sales of precious metal coins or bullion over $1,000 with exemption for sales at Baltimore City Convention Center	
Cannabis Tax	Increase the tax rate from 9% to 12%	$39 M
Vending Machine Sales	Apply 6% sales tax to vending machine sales	$9 M
Film Production Activity Tax Credit	Reduce cap on total credits for fiscal 2026 from $20 M to $12 M	$8 M
Local Income Tax	Increase the maximum local income tax rate that may be imposed from 3.2% to 3.3%	

Transportation Revenue

Certificate of Title	Double fees (for new/used vehicle to $200)	$104 M
Vehicle Excise Tax	Increase the excise tax on vehicles to 6.5%	$92 M
Registration Fees	Accelerate from fiscal 2027 to 2026 the annual vehicle registration fee increases for Class A (passenger), Class M (multipurpose), and Class E (truck) vehicles	$52 M
VEIP Fees	Increase the maximum fee from $14 to $30 and increase late fees	$31 M
Tire Fee	Establish a $5 fee for the purchase of each new tire effective January 1, 2026	$12 M
MVA Cost Recovery	Require cost recovery at 100% but no more than 105%	$20 M
Historic Tags	Limit definition to 1999 and older model years rather than 20 years	$4 M
Short-term Vehicle Rentals	Eliminate the registration fee discount	$3 M

Rental Vehicle Excise Tax	Apply a 3.5% excise tax to short-term rental vehicles	$46 M

TTF also receives portion of capital gains surcharge discussed above.

Maryland Department of Legislative Services, Conference Committee Report April 7, 2025

Montgomery County Local Aid
Year-Over-Year Comparison
($ in thousands)

Direct Aid	**Enacted FY 2025**	**Enacted FY 2026**	**FY 2026 vs. FY 2025 chg. $**	**FY 2026 vs. FY 2025 chg. %**
Primary & Secondary Education	977,657	1,042,921	65,264	6.7
Libraries	3,852	3,959	107	2.8
Community Colleges	74,313	77,419	3,106	4.2
Health Formula Grant	5,056	5,063	7	0.1
Transportation	49,098	55,395	6,297	12.8
County Highway User Formula Funds	*12,481*	*16,096*	*3,615*	*29.0*
Municipal Highway User Formula Funds	*9,226*	*11,897*	*2,671*	*29.0*
Elderly and Handicapped	*391*	*402*	*11*	*2.8*
Bus Rapid Transit Grant	*27,000*	*27,000*	-	-
Police and Public Safety *	19,169	19,283	114	0.6
Fire and Rescue *	1,939	2,135	196	10.1
Total Direct Aid Subtotal	1,131,084	1,206,175	75,091	6.6

Retirement - State Pmts. on Behalf of Counties	**FY 2025**	**FY 2026**	**chg. $**	**chg. %**
Board of Education	188,967	202,986	14,019	7.4
Library Employees	1,800	1,800	-	-
Community College Faculty	12,181	12,932	751	6.2
Total Retirement Contributions	202,948	217,718	14,770	7.3

* these figures include municipality allocations

Sources: Maryland Department of Legislative Services
Montgomery County Office of Intergovernmental Relations

Attachment 3

Montgomery County Capital Projects
(Not Included in the Consolidated Transportation Program)
Fiscal 2026 and Preauthorizations

Public Schools (at 100% projected recommendation)			52,108,928
	Blake (James Hubert) High	1,683,000	
*	Crown High	21,882,578	
	DuFief Elementary	1,987,700	
	Harmony Hills Elementary	1,790,400	
	Loiederman (A. Mario) Middle	2,450,250	
	Resnik (Judith A.) Elementary	3,465,000	
	Springbrook High	3,750,000	
	Westland Middle	6,750,000	
	Whitman (Walt) High	3,850,000	
	Public School Construction Grant	4,500,000	
Capital Projects			82,771,252
	Adventist Healthcare Shady Grove Medical Center	1,361,381	
	Alef Bet Montessori School	25,000	
	American Film Institute	300,000	
	American Legion Post 171	335,000	
	Bannockburn Nursery School and Community Clubhouse	300,000	
	Bender Jewish Community Center of Greater Washington	240,000	
	BioHub Maryland	500,000	
	Blackrock Center for the Arts	250,000	
**	Bowie Mill Bike Trail	2,100,000	
	Bright & Joyful Future Campaign	500,000	
	Calverton Galway Local Park	275,000	
	CCACC Health Center	125,000	
	Centerway Local Park	500,000	
	Clarksburg Library	20,000	
	CSAAC - New Facilities Acquisition	2,000,000	
	Dalewood Drive Playground	400,000	
	Damascus Heritage Society Museum	100,000	
	Damascus High School Athletic Facility	200,000	
	Damascus Main Street	50,000	
	Diener School	400,000	
	Don Bosco Cristo Rey High School	1,000,000	
	Dream Catcher Meadows	75,000	
	Elwood Smith Community Center	210,000	
	Ethiopian Eritrean Special Needs Community	25,000	
	Freedmans State Park	2,000,000	
	Friends House ArtSpaces	50,000	
	Friends House Retirement Community	100,000	
	Gaithersburg Municipal Complex	500,000	
	Gallagher Mansion	50,000	
	Garrett Park Town Hall	500,000	
	Georgia Avenue Noise Mitigation Fencing Project	300,000	
	Girl Scout Camp Brighton Woods	400,000	
	Glen Echo Park Spanish Ballroom	1,500,000	
	Greens Sustainability Initiative	100,000	
	Harmony 360	25,000	
	Housing Opportunities Commission Cedar Mill Apartments Soccer Field	65,000	
	Housing Unlimited, Inc. Affordable Housing	643,000	
	Imagination Stage	250,000	
	Infant and Toddlers Facility	200,000	
	Ivymount School	330,000	
	Jubilee Association of Maryland Direct Support Training Academy	50,000	

	Katherine Thomas School Playground	165,000
	Kenmont ADA Compliant Walkway Improvements	81,000
	Laytonsville District Volunteer Fire Station	100,000
	Linden Lane Contaminated Groundwater Assessment	100,000
	Madison House Autism Foundation Madison Fields	162,000
	MedStar Montgomery Medical Center	100,000
	Metropolitan Washington Ear Critical Control Room and Studio	36,000
	Montgomery College New Germantown Student Services Center	11,566,000
	Montgomery College Rockville Library Renovation	5,690,000
	Montgomery County Child Care Playground Renovation and Replacement	850,000
	Montgomery County Diversion Center Walk-In Support Renovation Project	500,000
	Montgomery County History Center	270,000
	Montgomery County Local Public School Playgrounds	1,550,000
	Montgomery Housing Partnership Office at Amherst Wheaton Arts	500,000
	Montgomery Village Bocce Court	50,000
	Muslim Community Center Community Kitchen	30,000
	National Capital Strategic Economic Development Fund	3,600,000
	▸Viva White Oak	4,000,000
	▸Takoma Park - New Hampshire Ave. small business capital equipmt.	200,000
	▸Wheaton - Georgia Ave. and University Blvd. small business capital equipmt.	200,000
	National Center for Children and Families	200,000
	National Institutes of Health Children's Inn	458,000
	New Hampshire Estates Neighborhood Parks	828,000
	North Bethesda Metro Station North Entrance	600,000
	Northwest Branch Recreation Pool House	1,000,000
	Noyes Library	1,000,000
	OASIS Farming Diversification and Capacity Improvement Project	228,000
	Olney Chamber of Commerce	100,000
	Olney Community Hub	5,200,000
	Olney Farmers and Artist Market	5,000
	Olney Mill House	172,000
	Olney Rotary Club	50,000
	Patsy Huson Park	500,000
	Poolesville Water Quality Improvements	2,880,000
	Quality Time Learning Center	100,000
	Riverworks Art Center	250,000
	Rockville District Court Surveillance System	625,000
	Rockville Fallsgrove Park Playground	225,000
	Rockville Lead Service Line Inventory Investigation	491,571
	Rockville Water System Improvements	3,220,000
	Route 108 Crosswalks	120,000
	Salem United Methodist Church	150,000
	Sandy Spring Museum Library Archives	200,000
	Sandy Spring Volunteer Fire Department	100,000
	Seina School	500,000
	Sherwood High School Softball Field	686,000
	Silver Spring United Methodist Church Shepherd's Table Kitchen Rehabilitation	255,000
	Spirit Fit and Health Inclusive Fitness Expansion	75,000
	Springsong Museum	200,000
	St. Anne's Episcopal Church	76,300
	Strathmore Hall Performing Arts Center	3,500,000
	Sugarland Ethno History Project	80,000
	Sunflower Bakery	30,000
	Takoma Park Public Works Facility Renovations	263,000
	Talbott Street Park	200,000
	Teen Girl Center	100,000
	Town of Poolesville Emerging Contaminants Treatment	700,000
	Universities at Shady Grove Campus Building Improvements	247,000
	Vantage Park Residences	125,000
**	Viva White Oak	2,000,000
	Western Montgomery County Pool Bubble	200,000

	Wheaton Regional Park	3,000,000	
	Wheaton Volunteer Rescue Squad	75,000	
	White Oak Area Commercial Revitalization	2,000,000	
	White Oak Readiness Center Renovation	152,000	
**	White's Ferry Project	1,500,000	
Grand Total			**134,880,180**

* Includes $10,005,769 in Enrollment Growth and Relocatable Classrooms (EGRC) funds. For Fiscal 2026, the County will not be obligated to meet the State's 50% local cost-sharing requirement as a condition for receiving State funds through the EGRC program.

** Projects preauthorized in prior year's State budget

2025 Session Preauthorizations for Fiscal 2027

Bowie Mill Bike Trail	2,100,000
Damascus Main Street	250,000
Glen Echo Park Spanish Ballroom Renovation	1,500,000
Springsong Museum	1,000,000
Young Artists of America	1,500,000