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# **Conference**

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**Additional Pages  
House Bill 352**

**April 4, 2025**





SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Tax – General**

11-101.

(a) In this title the following words have the meanings indicated.

(c-1) “Customer tax address” means, with respect to a sale of a digital code, [or] digital product, **OR TAXABLE SERVICES DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)**:

(1) for a digital code, [or] digital product, **OR TAXABLE SERVICES DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** that is received by a buyer at the business location of the vendor, the address of that business location;

(2) if item (1) of this subsection is not applicable and the primary use location of the digital code, [or] digital product, **OR TAXABLE SERVICES DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** is known by the vendor, that primary use location;

(3) if items (1) and (2) of this subsection are not applicable, the location where the digital code, [or] digital product, **OR TAXABLE SERVICES DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** is received by the buyer, or by a donee of the buyer that is identified by the buyer, if known to the vendor and maintained in the ordinary course of the vendor’s business;

(4) if items (1) through (3) of this subsection are not applicable, the location indicated by an address for the buyer that is available from the business records of the vendor that are maintained in the ordinary course of business of the vendor’s business, when use of the address does not constitute bad faith;

(5) if items (1) through (4) of this subsection are not applicable, the location indicated by an address for the buyer obtained during the consummation of the sale, including the address of the buyer’s payment instrument, when use of the address does not constitute bad faith; or

(6) if items (1) through (5) of this subsection are not applicable, including a circumstance in which a vendor is without sufficient information to apply those items, one of the following locations, as selected by the vendor, provided that the location is consistently used by the vendor for all sales to which this item applies:

(i) the location in the United States of the headquarters of the vendor’s business;

(ii) the location in the United States where the vendor has the greatest number of employees; or

(iii) the location in the United States from which the vendor makes digital products available for electronic transfer.

(c-5) (1) “End user” means any person who receives or accesses a digital code, [or] digital product code, **OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** for use.

(2) “End user” does not include any person who receives a digital code, [or] digital product, **OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** for further commercial broadcast, rebroadcast, transmission, retransmission,



licensing, relicensing, distribution, redistribution, or exhibition of the digital product **OR SUCH SERVICE.**

- (e-1) (1) "Primary use location" means the street address representative of where the buyer's use of a digital code, [or] digital product, **OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** will primarily occur, as determined by:
- (i) the residential street address or a business street address of the actual end user of the digital code, [or] digital product, **OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** including, if applicable, the address of a donee of the buyer that is designated by the buyer; or
  - (ii) if the buyer is not an individual, the location of the buyer's [employees] **END USERS, INCLUDING EMPLOYEES**, or equipment that make[s] use of the digital code, [or] digital product, **OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16).**

(2) "Primary use location" does not include the location of a person **WHO IS NOT AN END USER OR** who uses a digital code, [or] digital product, **OR TAXABLE SERVICES DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** as the purchaser of a separate good or service from the buyer.

#### Tax-General §11-103

(a) A rebuttable presumption exists that any sale in the State is subject to the sales and use tax imposed under § 11-102(a)(1) of this subtitle.

...

(b) The person required to pay the sales and use tax has the burden of proving that a sale in the State is not subject to the sales and use tax.

(c) The retail sale of a digital code, [or] digital product, **OR TAXABLE SERVICES DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16)** shall be presumed to be made in the state in which the customer tax address is located.

#### **11-403**

(a) In this section, "sale" includes a booking transaction made through a short-term rental platform.

...

#### **(E) MULTIPLE POINTS OF USE**

**(1) FOR THE PURPOSES OF THIS PARAGRAPH, THE TERM "AFFILIATED GROUP" MEANS AN AFFILIATED GROUP UNDER 26 U.S.C. § 1504, AND RELATED PARTIES DESCRIBED IN SUBSECTIONS (10), (11), OR (12) OF 26 U.S.C. § 267(B).**



(2) A BUYER MAY PRESENT TO THE VENDOR A CERTIFICATE INDICATING MULTIPLE POINTS OF USE OF A DIGITAL CODE, DIGITAL PRODUCT, OR TAXABLE SERVICES DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16), IF:

(i) THE BUYER KNOWS AT THE TIME OF PURCHASE THAT THE DIGITAL CODE, DIGITAL PRODUCT, OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14), (15), OR (16):

1. WILL BE CONCURRENTLY AVAILABLE FOR USE BY THE BUYER IN MORE THAN ONE TAXING JURISDICTION; OR

2. WILL BE RESOLD IN ITS ORIGINAL FORM TO A MEMBER OF AN AFFILIATED GROUP OF WHICH THE BUYER IS ALSO A MEMBER; AND

(ii) THE BUYER DELIVERS TO THE VENDOR THE CERTIFICATE INDICATING MULTIPLE POINTS OF USE AT THE TIME OF PURCHASE.

(3) UPON RECEIPT OF THE FULLY COMPLETED CERTIFICATE INDICATING MULTIPLE POINTS OF USE, THE VENDOR IS RELIEVED OF THE OBLIGATION TO COLLECT, PAY, OR REMIT THE APPLICABLE TAX TO THE COMPTROLLER AND, SUBJECT TO SUBPARAGRAPH (5) OF THIS PARAGRAPH, THE BUYER IS OBLIGATED TO COLLECT, PAY, OR REMIT THE APPLICABLE TAX TO THE COMPTROLLER.

(4) THE BUYER DELIVERING THE CERTIFICATE INDICATING MULTIPLE POINTS OF USE MAY USE ANY REASONABLE BUT CONSISTENT AND UNIFORM METHOD OF APPORTIONMENT THAT IS SUPPORTED BY THE BUYER'S BUSINESS RECORDS AS THEY EXIST AT THE TIME OF THE SALE AND ACCURATELY REFLECTS THE PRIMARY USE LOCATIONS IN THE STATE.

(5) (i) IF THE APPORTIONMENT ON THE CERTIFICATE INDICATING MULTIPLE POINTS OF USE IS DETERMINED BASED ON A SUBSEQUENT RESALE TO ONE OR MORE MEMBERS OF AN AFFILIATED GROUP, THE AFFILIATED MEMBER RESELLING THE DIGITAL CODE, DIGITAL PRODUCT, OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14),(15), OR (16) TO ANOTHER AFFILIATED MEMBER SHALL EITHER:

(A) ASSUME OR ABSORB THE SALES AND USE TAX DUE ON THAT PORTION OF THE SALE APPORTIONED TO THE STATE AND PAY THAT SALES AND USE TAX DUE ON BEHALF OF THE AFFILIATED MEMBER OR MEMBERS; OR

(B) BE LIABLE FOR THE SALES AND USE TAX DUE FROM THE AFFILIATED MEMBER OR MEMBERS IF THE SALES AND USE TAX DUE IS NOT PAID BY THE AFFILIATED MEMBER OR MEMBERS.

(ii) IF THE SALES AND USE TAX IS PAID AS PROVIDED UNDER SUBPARAGRAPH (i) OF THIS PARAGRAPH, THE AFFILIATED MEMBER END USER IS RELIEVED OF THE OBLIGATION TO PAY OR REMIT THE APPLICABLE TAX TO THE COMPTROLLER.

(6) NOTWITHSTANDING ANY OTHER PROVISION OF THIS PARAGRAPH, IF THE TAXABLE PRICE OF A SUBSEQUENT RESALE OF A DIGITAL CODE, DIGITAL PRODUCT, OR TAXABLE SERVICE DESCRIBED UNDER §§ 11-101(M)(14),(15), OR (16) TO AN AFFILIATED GROUP MEMBER IS HIGHER THAN THE TAXABLE PRICE ON WHICH THE SALES AND USE TAX WAS PAID, THE END USER SHALL BE LIABLE FOR THE ADDITIONAL SALES AND USE TAX DUE ON THE DIFFERENCE IN TAXABLE PRICE.



**(7) THE CERTIFICATE INDICATING MULTIPLE POINTS OF USE SHALL INCLUDE ALL INFORMATION REQUIRED BY THE COMPTROLLER.**

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.



FOR the purpose of

BY adding to

Article – Tax – General

Section 11–246

Annotated Code of Maryland

(2022 Replacement Volume and 2024 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Tax – General**

**11–246.**

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) “EMERGING TECHNOLOGY DEVELOPMENT AREA” MEANS THE UNIVERSITY OF MARYLAND’S DISCOVERY DISTRICT LOCATED IN PRINCE GEORGE’S COUNTY.

(3) “QUALIFIED COMPANY” MEANS A COMPANY THAT CONTRACTS WITH THE UNIVERSITY OF MARYLAND’S APPLIED RESEARCH LABORATORY FOR INTELLIGENCE AND SECURITY TO DEVELOP SYSTEMS AND TECHNOLOGIES TO ADVANCE THE USE OF QUANTUM COMPUTERS.

(B) THE SALES AND USE TAX IMPOSED ON A TAXABLE SERVICE DESCRIBED UNDER § 11–101(M)(14) THROUGH (16) OF THIS TITLE DOES NOT APPLY TO A SALE:

(1) TO A QUALIFIED COMPANY LOCATED IN AN EMERGING TECHNOLOGY DEVELOPMENT AREA MADE IN CONNECTION WITH THE WORK OF THE COMPANY; OR

(2) BY A QUALIFIED COMPANY LOCATED IN AN EMERGING TECHNOLOGY DEVELOPMENT AREA.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2025.



## **Remove Intellectual Property From the Sales and Use Tax**

11-101.

\_\_\_\_\_ (a) In this title the following words have the meanings indicated.

(C-12) "NAICS" MEANS THE NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM, UNITED STATES MANUAL, 2022 EDITION, PUBLISHED BY THE UNITED STATES OFFICE OF MANAGEMENT AND BUDGET.

[(c-12)] (C-13) "Permanent" means perpetual or for an indefinite or unspecified length of time.

\_\_\_\_\_ (l) (1) "Taxable price" means the value, in money, of the consideration of any kind that is paid, delivered, payable, or deliverable by a buyer to a vendor in the consummation and complete performance of a sale without deduction for any expense or cost, including the cost of:

(i) any labor or service rendered;

(ii) any material used; or

(iii) any property, digital code, or digital product sold.

(m) "Taxable service" means:

(1) fabrication, printing, or production of tangible personal property or a digital product by special order;

(2) commercial cleaning or laundering of textiles for a buyer who is engaged in a business that requires the recurring service of commercial cleaning or laundering of the textiles;

(3) cleaning of a commercial or industrial building;

(4) cellular telephone or other mobile telecommunications service;

(5) "900", "976", "915", and other "900"-type telecommunications service;



- (6) custom calling service provided in connection with basic telephone service;
- (7) a telephone answering service;
- (8) pay per view television service;
- (9) credit reporting;
- (10) a security service, including:
  - (i) a detective, guard, or armored car service; and
  - (ii) a security systems service;
- (11) a transportation service for transmission, distribution, or delivery of electricity or natural gas, if the sale or use of the electricity or natural gas is subject to the sales and use tax;
- (12) a prepaid telephone calling arrangement; [or]
- (13) the privilege given to an individual under § 4-1102 of the Alcoholic Beverages and Cannabis Article to consume wine that is not purchased from or provided by a restaurant, club, or hotel;
- (14) A DATA OR INFORMATION TECHNOLOGY SERVICE DESCRIBED UNDER NAICS SECTOR 518, 519, OR 5415; OR
- (15) A SYSTEM SOFTWARE OR APPLICATION SOFTWARE PUBLISHING SERVICE DESCRIBED UNDER NAICS SECTOR 5132; OR
- ~~(16) THE LICENSING OF MEDIA OR SOFTWARE RIGHTS AND OTHER INTELLECTUAL PROPERTY, INCLUDING:~~
  - ~~(i) LICENSING OF RIGHTS TO PRODUCE AND DISTRIBUTE COMPUTER SOFTWARE PROTECTED BY COPYRIGHT;~~
  - ~~(ii) LICENSING OF RIGHTS TO USE INTELLECTUAL PROPERTY, INCLUDING INTELLECTUAL PROPERTY PROTECTED BY TRADEMARK OR COPYRIGHT;~~
  - ~~(iii) LICENSING OF SPORTING EVENT BROADCAST AND OTHER MEDIA RIGHTS;~~
  - ~~(iv) LICENSING OF RIGHTS TO BROADCAST TELEVISION~~



PROGRAMS;

(V) LICENSING OF RIGHTS TO DISTRIBUTE SPECIALTY PROGRAMMING  
CONTENT; AND

(VI) LICENSING OF RIGHTS TO SYNDICATED MEDIA CONTENT.

11-104.

(k) The sales and use tax rate for cannabis, as defined in § 1-101 of the Alcoholic Beverages and Cannabis Article is[, for fiscal year 2024 and each fiscal year thereafter, 9%]:

(1) FOR FISCAL YEARS 2024 THROUGH ~~2026~~ 2025, 9%; AND

(2) FOR FISCAL YEAR ~~2027~~ 2026 AND EACH FISCAL YEAR THEREAFTER, ~~15%~~ 12%.

(L) (1) THE SALES AND USE TAX FOR A SALE OF A TAXABLE SERVICE DESCRIBED UNDER § 11-101(M)(14) THROUGH (16) AND (15) OF THIS SUBTITLE IS 3% OF THE TAXABLE PRICE.

(2) IF A DIFFERENT RATE FROM THE RATE SPECIFIED UNDER PARAGRAPH (1) OF THIS SUBSECTION COULD BE APPLIED TO A SALE OR USE OF TANGIBLE PERSONAL PROPERTY, A DIGITAL CODE, A DIGITAL PRODUCT, OR A TAXABLE SERVICE, THE HIGHER RATE SHALL APPLY TO THE SALE.



**BRFA – Sales Tax on Data/IT Services – Exemption for Sales of Cloud Computing to Qualified Cybersecurity Businesses**

On page 162, after line 2, insert:

“(D) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(II) “CLOUD COMPUTING” MEANS A SERVICE THAT ENABLES ON-DEMAND, SELF-SERVICE NETWORK ACCESS TO A SHARED POOL OF CONFIGURABLE COMPUTER RESOURCES, INCLUDING DATA STORAGE, ANALYTICS, COMMERCE, STREAMING, E-MAIL, DOCUMENT SHARING, AND DOCUMENT EDITING.

(III) “QUALIFIED CYBERSECURITY BUSINESS” MEANS AN ENTITY ORGANIZED FOR PROFIT THAT IS ENGAGED PRIMARILY IN THE DEVELOPMENT OF INNOVATIVE PROPRIETARY CYBERSECURITY TECHNOLOGY OR THE PROVISION OF CYBERSECURITY SERVICES.

(2) THE SALES AND USE TAX IMPOSED UNDER § 11-101(M)(14) OR (15) OF THIS TITLE DOES NOT APPLY TO A SALE OF CLOUD COMPUTING TO A QUALIFIED CYBERSECURITY BUSINESS.”

*to  
super  
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“SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – Tax – General

10-102.1.

(a) (1) In this section the following words have the meanings indicated.

(8) “Pass-through entity’s taxable income” means the portion of a pass-through entity’s income under the federal Internal Revenue Code, calculated without regard to any deduction for taxes based on net income that are imposed by any state or political subdivision of a state, that is:

(I) IN THE CASE OF A MEMBER WHO IS A RESIDENT, EQUAL TO THE MEMBER’S DISTRIBUTIVE OR PRO-RATA SHARES OF THE PASS-THROUGH ENTITY; OR

(II) IN THE CASES OF A NONRESIDENT MEMBER, derived from or reasonably attributable to the trade or business of the pass-through entity in this State.

(b) (1) Subject to paragraph (2) of this subsection, in addition to any other tax imposed under this title, a tax is imposed on each pass-through entity.

(2) Each pass-through entity:



(i) shall pay the tax imposed under paragraph (1) of this subsection with respect to the distributive shares or pro rata shares of the nonresident and nonresident entity members of the pass-through entity; or

(ii) may elect to pay the tax imposed under paragraph (1) of this subsection with respect to the distributive shares or pro rata shares of all members of the pass-through entity.”.

SECTION X. AND BE IT FURTHER ENACTED, That Section 5 of this Act shall take effect January 1, 2026, and shall be applicable to all taxable years beginning after December 31, 2025.”.



### **BRFA Amendment**

SECTION X. AND BE IT FURTHER ENACTED, That, notwithstanding § 10–106(b)(2) of the Tax – General Article, a county that only changes its county income tax rate for the taxable year beginning after December 31, 2024 but before January 1, 2026, in accordance with § 10–106(a)(1) of the Tax – General Article, as enacted by Section 3 of this Act, may give the Comptroller notice of the rate change on or before July 1, 2025.

**Explanation:** This provision is technical to allow time for a jurisdiction to make changes to its local income tax rate for tax year 2025 in accordance with the change to increase the maximum allowable rate.



SECTION X. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, the Comptroller shall set the annual interest rate for a sales and use tax refund that is the result of a final decision in the matter of Potomac Edison v. Comptroller of the Treasury at a percentage, rounded to the nearest whole number, that is the percent that equals the average prime rate of interest quoted by commercial banks to large businesses during the 12 months immediately preceding the month in which the final decision is rendered, based on a determination by the Board of Governors of the Federal Reserve Bank.

**Explanation:** Alters the annual interest rate paid for sales and use tax refunds resulting from a final decision under Potomac Edison v. Comptroller of the Treasury. The Comptroller's Office must use an annual interest rate equal to the average prime rate of interest during the 12 months immediately preceding the month in which final decision is rendered, based on a determination by the Board of Governors of the Federal Reserve Bank.



BY repealing and reenacting, with amendments,  
Article – Economic Development  
Section 10-646.1(a), (b)(5), (d)(1), (2), and (3)(ii), and (e)  
Annotated Code of Maryland  
(2024 Replacement Volume and 2025 Supplement)

BY repealing and reenacting, with amendments,  
Chapter 111 of the Acts of the General Assembly of 2023, as amended by  
Chapter 410 of the Acts of the General Assembly of 2024  
Section 3

SECTION XXI. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

**Chapter 111 of the Acts of 2023, as amended by Chapter 410 of the Acts of 2024**

SECTION 6. AND BE IT FURTHER ENACTED, That, except as provided in Section 5 of  
this Act, this Act shall take effect June 1, 2023. Section 2 of this Act shall remain effective for a  
period of [6] 2 years and 1 month and, at the end of June 30, [2029] 2025 Section 2 of this Act,  
with no further action required by the General Assembly, shall be abrogated and of no further force  
and effect.

**Article – Economic Development**

10-646.1.

(a) Except as allowed by § 10–639 of this subtitle, to finance the planning, design, and  
construction of any segment of a racing facility [on behalf of the Maryland Thoroughbred  
Racetrack Operating Authority,] the Authority shall comply with this section.

(b) (5) anticipated project [costs, as determined by the Maryland Thoroughbred  
Racetrack Operating Authority,] COSTS of at least \$250,000,000 for the Pimlico racing facility  
and \$110,000,000 for the training facility site; and

(d) (1) In this subsection, “long–term agreement” includes a lease, operating, joint  
venture, or management agreement with a minimum term [that coincides with or exceeds the initial  
term of the bonds issued for a racing facility] ESTABLISHED BY THE AUTHORITY.

[(2) Before issuing any bonds for any segment of a racing facility, the] THE  
Authority shall ensure that the following agreements [have been] BE executed:

(i) subject to paragraph (3) of this subsection, a long–term agreement  
regarding management and operations at the Pimlico racing facility site; and

(ii) agreements between the Authority and project entities for the  
planning, design, and construction of a racing facility.



(3) (ii) 1. [Unless thoroughbred racing is no longer a lawful activity, or is otherwise rendered not commercially viable as a result of a change in law or regulation, the long-term agreement under paragraph (2)(i) of this subsection may not expire while any bond, debt, or other financial instrument issued by the Authority for the improvement of a racing facility remains unpaid.

2.] If thoroughbred racing is no longer a lawful activity, or is otherwise rendered not commercially viable as a result of a change in law or regulation, the parties to the long-term agreement shall notify the Board of Public Works at least 180 days before the expiration or termination of the long-term agreement.

[3] 2. The notice required under subsubparagraph [2] 1 of this subparagraph shall contain a wind-down plan.

[4] 3. The long-term agreement required under paragraph (2)(i) of this subsection shall contain dispute resolution provisions, including expedited review, in the event that there is a dispute among the parties regarding the existence of the conditions described in subsubparagraph 1 of this subparagraph or the contents of the wind-down plan.

(e) [On behalf of the Maryland Thoroughbred Racetrack Operating Authority, the] THE Authority [shall] MAY enter into agreements with project entities or local entities for planning, design, and construction of the racing and community development projects at a racing facility site.

(i) (1) FOR THE PURPOSE OF THE PLANNING, DESIGN, CONSTRUCTION, AND OWNERSHIP OF A RACING AND COMMUNITY DEVELOPMENT PROJECT UNDER THIS SUBTITLE, THE MARYLAND STADIUM AUTHORITY IS THE SUCCESSOR ENTITY TO THE MARYLAND THOROUGHBRED RACETRACK OPERATING AUTHORITY.

(2) FOR THE PURPOSE OF THE OPERATION OF A RACING AND COMMUNITY DEVELOPMENT PROJECT UNDER THIS SUBTITLE, THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION IS THE SUCCESSOR ENTITY TO THE MARYLAND THOROUGHBRED RACETRACK OPERATING AUTHORITY.

(3) THE MARYLAND STADIUM AUTHORITY AND THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION MAY ENTER INTO ANY AGREEMENTS NECESSARY TO CARRY OUT THE PROVISIONS OF THIS SECTION/SUBTITLE.

(4) A NONPROFIT OPERATOR OF A RACING AND COMMUNITY DEVELOPMENT PROJECT:

(i) MAY NOT BE CONSTRUED TO BE AN AGENCY OR INSTRUMENTALITY OF THE STATE, OR A UNIT OF THE EXECUTIVE BRANCH, FOR ANY PURPOSE;



(II) MAY BE REPLACED WITH ANOTHER BUSINESS ENTITY WITH THE CONCURRENT APPROVAL OF THE MARYLAND STADIUM AUTHORITY AND THE MARYLAND ECONOMIC DEVELOPMENT CORPORATION; AND

(III) SHALL REIMBURSE THE AUTHORITY FOR THE COST OF A FULL-TIME AUDITOR RESPONSIBLE FOR OVERSEEING THE FINANCIAL TRANSACTIONS AND RECORDS RELATED TO RACING AND COMMUNITY DEVELOPMENT PROJECT COSTS AND ONGOING OPERATIONS;

SECTION XXII. AND BE IT FURTHER ENACTED, That, as of the sunset date in this Act, all of the functions, powers, duties, books and records (including electronic records), personal property, equipment, fixtures, assets, liabilities, obligations, credits, rights, agreements and privileges of the Maryland Thoroughbred Racetrack Operating Authority, including those related to the Maryland Jockey Club, Inc., shall be transferred to the Maryland Economic Development Corporation.

SECTION XXIII. AND BE IT FURTHER ENACTED, That, prior to the sunset date in Section XXI of this Act, all remaining funds in the Maryland Racing Operations Fund under §10-1008 of the Economic Development Article, shall transfer to the Racing and Community Development Facilities Fund under §10-657.3 of the Economic Development Article.

SECTION XXIV. AND BE IT FURTHER ENACTED, That, except as otherwise provided by law, all existing laws, regulations, proposed regulations, standards and guidelines, policies, orders and other directives, forms, plans, memberships, contracts, property, investigations, administrative and judicial responsibilities, rights to sue and be sued, and all other duties and responsibilities associated with the functions of Maryland Thoroughbred Racetrack Operating Authority prior to the sunset date in this Act shall continue in effect and, as appropriate, are legal and binding on the Maryland Economic Development Corporation until completed, withdrawn, canceled, modified, or otherwise changed under the law.

SECTION XXV. AND BE IT FURTHER ENACTED, That, Section XXI, XXII, and XXIII of this Act shall take effect June 1, 2025.



## Open Purse – Organization Representing Owners and Trainers

### “Article – Business Regulation

11-518.

(a) In this section, “open purse” means any purse, except for one offered in a race funded by the Maryland–Bred Race Fund.

(b) The Commission may direct a deduction from open purse money of 0.25% of all mutuel pools to be paid to the Maryland Backstretch Employees Pension Fund.

(c) Subject to the approval of the Commission, the licensees and an organization that represents a majority of the owners and trainers in the State shall agree on a formula for distributing open purse money.

(d) The formula shall distribute approximately 85% of the open purse money to the overnight races of the current year and approximately 15%, but not more than 17%, to the stakes races of the current year.

(e) The organization that represents a majority of the owners and trainers in the State shall set an amount not less than 1% but not more than [2%] 3% that shall be deducted from all open purses and paid to the organization.”.



## Bus Rapid Transit Bonds

MDOT requested that the provision on bus rapid transit bonds in TR § 3–216 be struck because that provision relates to the Transportation Trust Fund. Instead, the provision on bus rapid transit bonds should be added to TR § 2–802.1.

On pages 141 and 142, strike in their entirety the lines beginning with line 33 on page 141 through line 23 on page 142, inclusive. (This strikes TR § 3–216)

On page 142, after line 23, insert:

“2–802.1.

(a) In this section, “Fund” means the Bus Rapid Transit Fund.

(b) There is a Bus Rapid Transit Fund.

(c) The purpose of the Fund is to:

(1) [provide] PROVIDE grants to eligible grantees, as defined under § 2–802 of this subtitle; AND

(2) MAKE FUNDING COMMITMENTS FOR THE ISSUANCE OF BUS RAPID TRANSIT BONDS.”.



12-120.

(a) In this section, “miscellaneous fees” means all fees collected by the Administration under this article other than:

(1) The vehicle titling tax;

(2) ~~One-half~~ THREE-FOURTH of the certificate of title fee under § 13-802 AND § 13-805 of this article; and

(3) Vehicle registration fees under Part II of Title 13, Subtitle 9 of this article.

(b) Except as provided in this section, the Administration may not alter the miscellaneous fees that the Administration is authorized under this article to establish.

(c) (1) Subject to the limitations under subsection (d) of this section, before the start of any fiscal year the Administration by regulation may alter, effective beginning in the upcoming fiscal year, the levels of the miscellaneous fees that the Administration is authorized under this article to establish.

(2) The Administration shall alter the levels of miscellaneous fees for the upcoming fiscal year if the projected cost recovery under subsection (d) of this section exceeds [100%] ~~115%~~ 105%.

(d) The Administration shall set the levels of miscellaneous fees so that the total amount of projected revenues from all miscellaneous fees for the upcoming fiscal year is at least [95 percent] ~~95%~~ 100% but does not exceed [100 percent] ~~115%~~ 105% of the sum of:

(1) The operating budget of the Administration for that fiscal year as approved by the General Assembly in the annual State budget;

(2) The average annual capital program of the Administration as reported in the 6-year Consolidated Transportation Program described in § 2-103.1 of this article; and

(3) The Administration’s portion of the cost for that fiscal year of the Department’s data center operations, except for the cost of data center operations attributable to other administrations’ activities.

(e) (1) The Administration may not alter miscellaneous fees more than once in any fiscal year.

(2) The Administration need not reduce fees for the upcoming fiscal year if legislative budget modifications cause the projected cost recovery percentage to exceed [100 percent] ~~115%~~ 105%.



(3) The level of a miscellaneous fee set by the Administration remains in effect until again altered by the Administration as provided under this section.



## BRFA Amendment

7-328.

(a) There is a Mortgage Loan Servicing Practices Settlement Fund.

(f) (1) The Mortgage Loan Servicing Practices Settlement Fund shall be used for housing and foreclosure-relief purposes and for related investigation and enforcement activities, including:

(i) the provision of housing counseling;

(ii) legal assistance related to foreclosure, EVICTIONS, and housing activities;

(iii) criminal or civil investigations of fraud related to housing and the securitization of mortgage loans;

(iv) relevant enforcement activities;

(v) foreclosure prevention, remediation, and restitution;

(vi) programs to address community blight;

(vii) programs reasonably targeted to benefit persons harmed by mortgage fraud; and

(viii) any other public purpose reasonably related to housing and foreclosure relief.

(2) THE MORTGAGE LOAN SERVICING PRACTICES SETTLEMENT FUND MAY BE USED TO PROVIDE LEGAL ASSISTANCE RELATED TO ANY TYPE OF LEGAL PROCEEDING.

[(2)] (3) The provisions of this subsection may not be construed to affect the Governor's powers with respect to a request for an appropriation in the annual budget bill.



**BRFA**  
**Amendment to HB 352**

SECTION 23. AND BE IT FURTHER ENACTED, That:

- (a) Notwithstanding any other provision of law, if Congressional action or other federal program changes result in a reduction of at least \$1,000,000,000 in the State's estimated federal fund revenues compared to the federal funding budgeted in fiscal year 2026, within 30 days of the determination or estimate of the State's federal fund revenues resulting from the federal policy change, the Secretary of Budget and Management shall certify whether the reduction is at least \$1,000,000,000.
- (b) If the Secretary of Budget and Management certifies a reduction of at least \$1,000,000,000 in federal fund revenue in accordance with subsection (a) of this section, within 90 days of the certification, the Department of Budget and Management shall submit a ~~plan~~ **report** to the Legislative Policy Committee ~~to reduce the State fund expenditures by the amount of reduced federal revenue with a description of the impact of the reduced federal fund revenues by program and proposed actions including reductions if appropriate.~~

**Explanation:** This action adds a provision to the Budget Reconciliation and Financing Act of 2025 to amend statute to specify that, within 30 days of the determination or estimate that the State's federal fund revenues will decrease by at least \$1 billion from the federal funds budgeted in fiscal 2026 as a result of Congressional action or federal program changes, the Secretary of the Department of Budget and Management must certify whether the reduction in the State's federal fund revenue is at least \$1 billion. The provision also requires that within 90 days of this certification, the Department of Budget and Management must submit a ~~plan~~ **report** to the Legislative Policy Committee **with a description of the impact of the reduced federal fund revenues by program and proposed actions to change or reduce the budget as necessary.**



**Behavioral Health Care Coordination Value-Based Purchasing Pilot Program**

**Health-General**

**§13-4906.**

(a) For each of fiscal years 2025 through 2027, the Governor /shall/ **MAY** include in the annual budget bill an appropriation of \$600,000 for the Pilot Program.

(b) Beginning in fiscal year 2026, the Department /shall/ **MAY** allocate a percentage of the annual appropriation required under subsection (a) of this section to reimbursement paid based on the achievement of the outcome measures described in § 13-4904(e)(3) of this subtitle.

(c) In fiscal year 2027, the Department /shall/ **MAY** increase the percentage of the annual appropriation required under subsection (a) of this section allocated to reimbursement paid in accordance with subsection (b) of this section over the percentage allocated in fiscal year 2026.



## BRFA Amendment

§ 5A-303. Rehabilitation tax credits.

(iv)

1. Subject to subsubparagraphs 2 *AND* 3 of this subparagraph, for each of fiscal years 2018 through 2031, the Governor shall include in the budget bill an appropriation to the Reserve Fund.

2. For each of fiscal years 2023 through *2025 AND 2029 THROUGH* 2031, the Governor shall include in the budget bill an appropriation to the Reserve Fund of at least \$20,000,000.

*3. FOR EACH OF FISCAL YEARS 2026 THROUGH 2028, THE GOVERNOR SHALL INCLUDE IN THE BUDGET BILL AN APPROPRIATION OF \$18,500,000.*

4. The amount described under subsubparagraphs 2 *AND* 3 of this subparagraph shall be in addition to the appropriations to the Trust Account required under paragraph (4) of this subsection.



*Small, Minority, and Women-Owned Businesses Account*

Article – Economic Development

§ 5-1501

(a) There is a Small, Minority, and Women-Owned Businesses Account under the authority of the Department.

(K) NOTWITHSTANDING ANY PROVISIONS OF THIS SECTION TO THE CONTRARY, FOR EACH OF FISCAL YEARS 2026 THROUGH 2028, THE FOLLOWING AMOUNTS SHALL BE MADE AVAILABLE FROM CURRENT ALLOCATIONS RECEIVED UNDER § 9-1A-27 OR FROM PREVIOUSLY UNSPENT ALLOCATIONS:

- (1) \$1.5 MILLION FOR THE MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY AS ESTABLISHED UNDER § 5-501 THROUGH § 5-575 OF THE ECONOMIC DEVELOPMENT ARTICLE, AND
- (2) \$7.5 MILLION FOR THE PRE-SEED BUILDER FUND AS ESTABLISHED UNDER § 10-486 OF THE ECONOMIC DEVELOPMENT ARTICLE.



**D05E01**  
**Board of Public Works**

**Budget Reconciliation and Financing Act Provision**

**PAYMENTS OF JUDGMENTS AGAINST THE STATE**

**Provision:** Requires that local governments be responsible for 50% of any payments owed to an individual for any new erroneous conviction settlement entered into by the Board of Public Works beginning in fiscal 2026.

**Modified Provision:** Modify State Finance and Procurement Article § 10-501(a)(5) to do the following: (1) specify that the payment is remitted as an annual payment to the Comptroller by June 30 equal to 100% of the jurisdiction's share of costs for that fiscal year; and (2) require the Board of Public Works to notify the Comptroller and each county of the county's share of each erroneous conviction during the fiscal year.

- (5) BEGINNING IN FISCAL YEAR 2026[,];
  - (i) THE COUNTY OR BALTIMORE CITY GOVERNMENT IN THE COUNTY OR CITY IN WHICH THE CONVICTION OF AN INDIVIDUAL OCCURRED SHALL PAY TO THE STATE 50% OF THE AMOUNT OF COMPENSATION AWARDED TO THE INDIVIDUAL UNDER PARAGRAPH (1) OF THIS 29 SUBSECTION;
  - (ii) THE PAYMENT SHALL BE REMITTED ANNUALLY TO THE COMPTROLLER OF MARYLAND BY JUNE 30 EQUAL TO 100% OF THE JURISDICTION'S SHARE OF COSTS FOR THAT FISCAL YEAR;
  - (iii) ON OCTOBER 1, DECEMBER 1, MARCH 1, AND JUNE 1 OF EACH FISCAL YEAR, THE BOARD OF PUBLIC WORKS SHALL NOTIFY THE COMPTROLLER OF MARYLAND AND EACH COUNTY OF THE COUNTY'S SHARE OF EACH ERRONEOUS CONVICTION AWARD DURING THE FISCAL YEAR; AND
  - (iv) THE COMPTROLLER OF MARYLAND MAY WITHHOLD A PORTION OF A LOCAL INCOME TAX DISTRIBUTION OF A COUNTY THAT FAILS TO MAKE TIMELY PAYMENT IN ACCORDANCE WITH THIS SECTION.

**Explanation:** The provision as originally adopted does not specify how the local contribution will be received to support the payment and notification procedures for the payment required. This modification specifies that the local contribution will be paid annually to the Comptroller of Maryland, the Board of Public Works will notify the Comptroller of Maryland and affected counties, and the Comptroller of Maryland may withhold local income tax distribution pending delinquent payments. This language also makes a technical correction to remove the separate identification of Baltimore City, which is included in the definition of county.



**K00A**  
**Department of Natural Resources**

**Budget Reconciliation and Financing Act Provision**

**LAND ACQUISITION AND PLANNING**

**Provision:** Requires the canceling of funding for five prior year Baltimore City Direct Grant projects that have either been (1) abandoned; or (2) completed with funding remaining.

- Section XX. AND BE IT FURTHER ENACTED, That the unexpended special fund appropriation for Outdoor Recreation Land Loan – Capital Appropriation (K00A05.10) within the Department of Natural Resources allocated to Baltimore City as part of the Program Open Space State allocation is reduced by a total of \$1,596,400 for the following projects: \$1,125,000 for the Herring Run Park project comprised of \$400,000 allocated in fiscal 2018 per a statutory requirement (chapter 10 of 2016 as amended by Chapter 407 of 2017) and \$725,000 allocated in fiscal 2019 comprised of \$100,000 per a statutory requirement (Chapter 407 of 2017) and \$625,000 in the fiscal 2019 operating budget (Chapter 570 of 2018); \$300,000 allocated to the Druid Hill Trail Head project in fiscal 2018 per a statutory requirement (Chapter 10 of 2016); \$100,000 appropriated to the Saint Charles Park in the fiscal year 2019 operating budget (Chapter 570 of 2018); \$21,400 remaining of the \$50,0000 appropriated to the Bond Street Park project in the fiscal year 2020 operating budget (Chapter 565 of 2019); and \$50,000 appropriated to the Warwick Park project in the fiscal 2020 operating budget (Chapter 565 of 2019).

**Explanation:** In recent years, Baltimore City Direct Grant funding has been restricted to particular projects. The projects for which funding is canceled are either abandoned (i.e. Herring Run Park, Druid Hill Trail Head, Saint Charles Park, and Warwick Park) or completed with funding remaining (i.e. Bond Street Park Project). The canceled funding is returned to the Program Open Space Fund's Baltimore City Direct Grant account and is added to the fiscal 2026 operating budget in Section 21 for five new projects (i.e. \$1,125,000 for the Clifton Park project, \$300,000 for the Druid Hill Tennis Courts at 3001 East Drive court resurfacing project, \$100,000 for the Northwest Park project, \$21,400 for the Patterson Park Master Plan Implementation project, and \$50,000 for the Wilbur H. Waters Park project).



### **BRFA Amendment**

**Description of Provision:** Adds a provision to withdraw \$12.0 million in general funds provided as a grant to the County Executive and County Council of Baltimore County for infrastructure improvements to the Lansdowne Library through Section 19(1)(g)(viii) in the fiscal 2024 budget bill (Chapter 101 of the 2023 session). The funds will be re-appropriated in Section 21 of the fiscal 2026 budget bill.



## BRFA Amendment

### Article – Labor and Employment

8-421. 31

(a) The Special Administrative Expense Fund shall consist of money appropriated in the State budget from:

(1) fines, interest, and other penalties collected under this title and paid from the clearing account under § 8-404(c) of this subtitle;

(2) money transferred from the Unemployment Insurance Administration Fund under § 8-422 of this subtitle; [and]

(3) any voluntary contribution to the Special Administrative Expense Fund; AND

**(4) ADMINISTRATIVE FEE PAYMENTS DEPOSITED INTO THE SPECIALADMINISTRATIVE EXPENSE FUND IN ACCORDANCE WITH § 8-605.1 OF THIS TITLEAND ANY ASSOCIATED FINES, PENALTIES, AND INTEREST ESTABLISHED BY REGULATION.**

(b) (1) Notwithstanding any other provision in this Part III of this subtitle, the Special Administrative Expense Fund may be used as a revolving account to cover costs that are proper under the law for which federal money is requested but not yet received, if the costs are charged against the federal money when received.

(2) Subject to subsection (d) of this section, the Secretary:

(i) shall use the Special Administrative Expense Fund for reimbursement of interest on contributions that is collected erroneously;

(ii) shall use the Special Administrative Expense Fund to pay for costs of administration that are found to have been improperly charged against federal money credited to the Unemployment Insurance Administration Fund; and

(iii) may use the Special Administrative Expense Fund:

1. for replacement within a reasonable time of any money that the State receives under § 302 of the Social Security Act and that because of an action or contingency has been lost or has been used for purposes other than or in amounts exceeding those necessary for proper administration of this title; [or]

2. for administrative expenses of the Division of Unemployment Insurance ~~and Division of Workforce Development AND ADULT LEARNING~~ and Except as otherwise



provided in this Title, the Division of Workforce Development and Adult learning, in accordance with subsection (c) of this section; AND

**3. TO COLLECT AND ADMINISTER THE ADMINISTRATIVE 29 FEE ESTABLISHED UNDER § 8-605.1 OF THIS TITLE.**

(c) (1) Subject to subsection (d) of this section, the Secretary may use the Special Administrative Expense Fund for administrative expenses necessary to administer this title.

(2) Administrative expenses include:

(i) expenses related to the acquisition of office space required for effective administration of this title, subject to approval by the Board of Public Works;

(ii) costs for furnishing, maintenance, repair, improvement, and enhancement of office space;

(iii) the purchase, leasing, and maintenance of information technology systems, including equipment, programs, and services;

(iv) the purchase, leasing, and maintenance of telecommunications systems, services, and equipment including connectivity costs and ongoing usage costs; and

(v) other administrative costs that the Secretary determines are necessary to administer solely the provisions of this title.

(d) **(1)** The Special Administrative Expense Fund may not be used in a manner that would result in a loss of federal money that, in the absence of money from the Special Administrative Expense Fund, would be available to pay for administrative costs of this title.

**(2) THE SECRETARY SHALL IMPLEMENT COST ALLOCATION PLANS AS NECESSARY UNDER THIS PART III OF THIS SUBTITLE TO COMPLY WITH ALL APPLICABLE STATE AND FEDERAL LAW.**

**8-605.1.**

**(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.**

**(2) "NEW EMPLOYER" HAS THE MEANING STATED IN § 8-609(A) OF THIS SUBTITLE.**



(3) "TAXABLE WAGE BASE" HAS THE MEANING STATED IN § 8-601 OF THIS SUBTITLE.

(B) (1) (I) BEGINNING JANUARY 1, 2026, EACH EMPLOYING UNIT THAT IS DETERMINED TO BE LIABLE UNDER THIS SUBTITLE TO PAY CONTRIBUTIONS SHALL BE SUBJECT TO AN ANNUAL ADMINISTRATIVE FEE OF 0.15% OF ITS TAXABLE WAGE BASE.

(II) THE TIMING AND MANNER OF PAYMENT SHALL BE AS SO DETERMINED BY THE SECRETARY.

(2) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, BEGINNING JANUARY 1, 2026, THE CONTRIBUTION RATE ASSIGNED TO EACH EMPLOYING UNIT UNDER THIS SUBTITLE, EXCLUSIVE OF ANY PENALTIES, FINES, OR INTEREST REQUIRED TO BE PAID BY AN EMPLOYING UNIT UNDER ANY OTHER PROVISION OF THIS TITLE, SHALL BE ADJUSTED BY SUBTRACTING 0.15% FROM 5 EACH RATE.

(II) A NEW EMPLOYER SHALL PAY AT LEAST 1% OF ITS TAXABLE WAGE BASE.

(C) THE ADMINISTRATIVE FEE PAYMENTS COLLECTED UNDER THIS SECTION:

(1) SHALL BE CONSIDERED SEPARATE AND DISTINCT FROM CONTRIBUTIONS;

(2) MAY NOT BE CREDITED TO THE ACCOUNTS OF INDIVIDUAL EMPLOYING UNITS; AND

(3) SHALL BE DEPOSITED INTO THE SPECIAL ADMINISTRATIVE EXPENSE FUND ESTABLISHED UNDER § 8-419 OF THIS TITLE.

(D) THE ADMINISTRATIVE FEES COLLECTED UNDER THIS SECTION MAY BE USED FOR ADMINISTRATIVE EXPENSES IN ACCORDANCE WITH § 8-421 OF THIS TITLE, INCLUDING EXPENSES TO IMPROVE CUSTOMER SERVICE, CONDUCT DATA ANALYSIS, SUPPORT INFORMATION TECHNOLOGY IMPROVEMENTS, COMBAT FRAUD, AND ACCELERATE REEMPLOYMENT; but may not be used for administrative expenses of the Division of Workforce Development and Adult Learning.

(E) THE SECRETARY MAY ADOPT REGULATIONS NECESSARY TO CARRY OUT THIS SECTION.



