



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Lieutenant Governor

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Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 148 Comprehensive Flood Management Grant Program - Funding for Underserved and Overburdened Communities

STATEMENT OF INFORMATION

DATE: February 6, 2024

COMMITTEE: Senate Education, Energy, and the Environment Committee

SUMMARY OF BILL: Senate Bill 148 mandates the Governor to appropriate at least \$20 million annually in the State operating budget starting in fiscal 2026 to the comprehensive flood management grant program. Of the appropriated amount, 40% of the funding provided must be used for projects located in or directly benefiting underserved or overburdened communities.

EXPLANATION: The State's Capital budget includes \$13.1 million in general obligation bond funding for this purpose in fiscal year 2025 and proposes \$10 million in general obligation bond funding for each of fiscal years 2026 through 2029. The bill requires the State to appropriate \$20 million in the State operating budget, which will likely result in a reduction of funding in the capital budget in future fiscal years.

The Department of Budget and Management (DBM) is charged with submitting a balanced budget to the General Assembly annually and will be working with the General Assembly to achieve structural balance over the long-term. In light of current projected general fund deficits in fiscal 2026 forward, the Department urges caution in passing legislation significantly increasing general fund expenditures. Additionally, this bill would likely result in a shift from the current practice of leveraging the State's debt capacity to finance these projects to general funds, which limits the State's financial flexibility. State government must be intentional, disciplined, and strategic with its allocation of State funding to ensure maximum impact toward priority outcomes. It would be challenging for the State to manage this additional cost given the forecasted out-year deficits for the General Fund.

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