This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 26, 2026

NEW ISSUE—BOOK-ENTRY ONLY

Fitch Ratings: AAA
KBRA Ratings: AAA
S&P Global Ratings: AAA
(See "Ratings" herein)

$600,000,000[1*]
STATE OF MARYLAND
General Obligation Bonds
State and Local Facilities Loan of 2026, Second Series
Tax-Exempt Bonds
(Competitive)

Dated: Date of Delivery **Due: See Inside Cover**

The above-captioned Bonds are referred to herein as the "Bonds" or the Second Series Bonds." The Bonds will be issued as fully registered bonds in denominations of $5,000 each or any integral multiple thereof. Purchasers will not receive physical delivery of bond certificates. The Bonds will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), Brooklyn, New York, to which principal and interest payments will be made so long as Cede & Co. is the registered owner of the Bonds. Interest on the Second Series Bonds will accrue from the date of their issuance and delivery and will be payable on March 1, 2027, and semiannually thereafter on September 1 and March 1 of each year until maturity or redemptions prior to maturity. So long as the Bonds are maintained under a book-entry only system, the Treasurer of the State of Maryland (the "Treasurer") will act as Paying Agent and Bond Registrar. Interest on the Bonds will be paid as specified herein to the owner of record as of the close of business on the 15th day of the month immediately preceding the interest payment date.

FOR MATURITY SCHEDULES SEE INSIDE COVER

The Second Series Bonds maturing on or after September 1, 2037 are subject to optional redemption commencing on September 1, 2036 at a redemption price equal to 100% of the principal amount thereof. See "THE BONDS – Redemption Provisions" herein.

In the opinion of the Honorable Anthony G. Brown, Attorney General of Maryland, and of McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel, under existing laws, regulations, rulings and decisions, (i) the Bonds will be valid and legally binding general obligations of the State of Maryland to the payment of which the full faith and credit of the State are pledged; and (ii) the Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized in the sale or exchange thereof, will be exempt from State of Maryland taxes and local taxes within the State of Maryland. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Furthermore, in the opinion of Bond Counsel, assuming compliance with certain covenants described herein, under existing statutes, regulations and decisions, interest on the Bonds will be excludable from gross income for federal income tax purposes. Interest on the Bonds for federal income tax purposes is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds will be part of adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Additionally, interest on the Bonds will be subject to the branch profits tax imposed on certain foreign corporations engaged in a trade or business in the United States of America. See "TAX MATTERS" herein for a more complete description of the opinion of Bond Counsel and additional federal tax law consequences.

The interest rates and yields shown on the inside cover are based on the successful bids for the competitive sale of the Bonds on Wednesday, September 2, 2026, by groups of banks and investment banking firms. The prices or yields shown on the maturity schedule were furnished by the successful bidders. Any other information concerning the terms of the reoffering of any of the Bonds should be obtained from the successful bidders and not from the State of Maryland.

The Bonds are offered for delivery, when and if issued, subject to the receipt of the approving opinions of the Attorney General of the State of Maryland and McKennon Shelton & Henn LLP, Baltimore, Maryland, and certain other conditions specified in the Official Notice of Sale. The Bonds in definitive form will be available for delivery to DTC in Brooklyn, New York, on or about September 16, 2026.

September _, 2026

[*] Preliminary, subject to change.

[1] The Second Series Bonds will be sold on a competitive sale basis as described herein under "SALE AT COMPETITIVE BIDDING" and pursuant to the Official Notice of Sale for the Second Series Bonds attached hereto as APPENDIX C "OFFICIAL NOTICE OF SALE."

MATURITY SCHEDULES

$600,000,000* Second Series Tax-Exempt Bonds (Competitive)

$322,310,000* Second Series Bidding Group 1 Bonds
Awarded to: [_____]

Maturing September 1	Principal*	Interest Rate	Yield	CUSIP
2029	$33,600,000	%	%	
2030	35,320,000			
2031	37,135,000			
2032	39,035,000			
2033	41,040,000			
2034	43,145,000			
2035	45,355,000			
2036	47,680,000			

$277,690,000* Second Series Bidding Group 2 Bonds
Awarded to: [_____]

Maturing September 1	Principal*	Interest Rate	Yield	CUSIP
2037	$50,125,000	%	%	
2038	52,695,000			
2039	55,400,000			
2040	58,240,000			
2041	61,230,000			

*Preliminary, subject to change.

No dealer, broker, salesman or any other person has been authorized by the State of Maryland (sometimes referred to as the "State") to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the State of Maryland. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the securities described herein by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein has been obtained from the State and other sources that are deemed to be reliable. The information from sources other than the State is not guaranteed as to accuracy or completeness and should not be construed as representations of the State. The State of Maryland believes that the information contained in this Official Statement is correct and complete as of its date. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the State of Maryland since the respective dates as of which information is given herein.

Certain statements included or incorporated by reference in this Official Statement constitute "forward looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," "forecast," or other similar words. The achievement of certain results or other expectations in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The State does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur or fail to occur.

The numerical information contained in this Official Statement is subject to change as additional data is collected and verified. Although efforts have been made to ensure accuracy and consistency, minor differences may exist among stated numbers, tables and charts in this Official Statement, and in comparison to prior State disclosures, reflecting the use of updated information or revised data.

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the State of Maryland and the purchasers or holders of any of the securities described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover and inside cover pages hereof, list of officials, this page and the appendices attached hereto are part of this Official Statement.

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. In making an investment decision, investors must rely on their own examination of the State and terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary may be a criminal offense.

CUSIP numbers on the inside cover page of this Official Statement are copyrighted by the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc., and the State takes no responsibility for the accuracy thereof. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Global Services database.

STATE OF MARYLAND SELECTED STATE OFFICIALS

EXECUTIVE

Wes Moore
Governor

Aruna Miller
Lieutenant Governor

Brooke E. Lierman
Comptroller

Anthony G. Brown
Attorney General

Dereck E. Davis
Treasurer

JUDICIAL

Matthew J. Fader
Chief Justice
Supreme Court of Maryland

LEGISLATIVE

Bill Ferguson
President of the Senate
(47 Senators)

Joseline A. Peña-Melnyk
Speaker of the House of Delegates
(141 Delegates)

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INTRODUCTION

ISSUER	The State of Maryland
SECURITIES	General Obligation Bonds, State and Local Facilities Loan of 2026, Second Series Tax-Exempt Bonds (Competitive)
AGGREGATE PRINCIPAL AMOUNT OF ISSUE	$600,000,000*
INTEREST PAYMENT DATES	March 1, 2027, and semiannually thereafter on September 1 and March 1, calculated based on a 360-day year comprised of twelve 30-day months.
STATE ECONOMIC FACTORS	The State of Maryland has a population of approximately 6.3 million, with employment based largely in services, trade, and government. Those sectors are the largest contributors to the gross state product. Population is concentrated in and around the Baltimore and Washington, D.C. Metropolitan Statistical Areas. Proximity to Washington, D.C. results in an above-average percentage of employees in government. Manufacturing, on the other hand, is a much smaller proportion of employment than for the nation. The unemployment rates in 2025 for Maryland and the nation were 4.0% and 4.3%, respectively. More recently, the unemployment rate in June 2026 was 4.3% in Maryland and 4.2% nationwide. The State's per capita personal income was the 10th highest in the country in 2025, according to the Bureau of Economic Analysis, at 107.1% of the national average. See APPENDIX A - "STATE DEMOGRAPHIC AND ECONOMIC DATA."
BUDGET AND FINANCIAL	The State enacts its budget annually. Revenues are derived largely from certain broad-based taxes, including statewide income, sales, motor vehicle, and property taxes. Non-tax revenues are largely from the federal government for transportation, health care, welfare and other social programs. General Fund revenues on a budgetary basis realized in the State's fiscal year ended June 30, 2025 closed above revised estimates by $520.7 million, or 2.1%. The State ended fiscal year 2025 with a $270.5 million General Fund balance on a budgetary basis. This balance reflects a $138.3 million increase compared to the balance projected at the time the 2026 budget was enacted. In addition, there was a balance in the State's Revenue Stabilization Account of almost $2.4 billion. For fiscal year 2026, including proposed deficiencies and reversions, the total budget was $70.2 billion, a $3.9 billion increase over fiscal year 2025 actual expenditures. Following enactment of the fiscal year 2027 budget, the State expects to end fiscal year 2026 with a General Fund balance of $753.0 million. The General Fund accounts for approximately $27.9 billion of expenditures for fiscal year 2026, of which the largest expenditures are for education and health, which together represent 73.5% of total General Fund expenditures.

*Preliminary, subject to change.

For fiscal year 2027 the budget is $71.0 billion, an $864.1 million increase from fiscal year 2026. The State expects to end fiscal year 2027 with a General Fund balance of $201.0 million. The General Fund accounts for approximately $27.8 billion of expenditures for fiscal year 2027, of which the largest are for education and health, which together represent 73.9% of total General Fund expenditures. General Fund expenditures generally exclude transportation, which is funded with special fund revenues from the Transportation Trust Fund. See APPENDIX A - "STATE FINANCES – State Expenditures and Services."

Using generally accepted accounting procedures ("GAAP"), the non-spendable General Fund balance was $502.2 million, while the total restricted, committed, and unassigned fund balance was $8.2 billion at the end of fiscal year 2025. By comparison, the non-spendable General Fund balance was $425.1 million and the total restricted, committed, and unassigned fund balances was $11.2 billion at the end of fiscal year 2024. The total GAAP fund balance for fiscal year 2025 was $8.7 billion compared with a total GAAP fund balance of $11.6 billion for fiscal year 2024. See APPENDIX A - "STATE FINANCES – Fiscal Year 2021-2025 GAAP General Fund Results of Operations."

The State Reserve Fund consists of the Revenue Stabilization Account and other reserve funds, which totaled $2.5 billion at the end of fiscal year 2025. The projected balance declines to $2.2 billion in fiscal year 2026 and remains at that level through fiscal year 2027. See APPENDIX A - "STATE RESERVE FUND."

STATE DEBT

Maryland had $12.9 billion of net State tax-supported debt outstanding as of June 30, 2026. General obligation bonds accounted for $9.7 billion of that amount. In fiscal year 2026, debt service on general obligation bonds is paid primarily from State property tax receipts. The Department of Transportation bonds outstanding account for another $2.9 billion of State tax-supported debt as of June 30, 2026; the debt service on those bonds is payable from taxes and fees related to motor vehicles and motor vehicle fuel, a portion of the corporate income tax, a portion of the sales and use tax on both short-term rental vehicles and electricity sold for electric vehicle charging, and transportation network company ("TNC") impact fees. Debt obligations issued by the Maryland Stadium Authority in the form of lease-backed revenue bonds and energy lease financing account for $106.3 million of State tax-supported debt outstanding as of June 30, 2026. Rental payments under the leases are subject to annual appropriation by the General Assembly. The Maryland Water Infrastructure Financing Administration of the Maryland Department of Environment had Bay Restoration Revenue Bonds outstanding in the amount of $94.7 million as of June 30, 2026. Revenues from users of sewerage and septic systems are pledged, to the extent necessary to the payment of debt service on these bonds.

The State has also financed construction and acquisition of various other facilities and equipment through lease-type financing, subject to annual appropriation by the General Assembly, in the amount of $330.4 million as of June 30, 2026.

The State had $5.6 billion in authorized but unissued debt as of June 30, 2026. See APPENDIX A - "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Tax-Supported Debt Outstanding and Debt Data."

APPLICATION OF PROCEEDS

The proceeds of the Second Series Bonds will be applied for a variety of public purposes, including the acquisition and construction of State facilities; capital grants to local governments for public schools, community colleges, jails and

	correctional facilities; and grants to local governments, nonprofit institutions, and other entities for hospitals, cultural projects and other projects.
CONTINUING DISCLOSURE	The State will provide annual financial and other information, including notices of certain events, to assist the successful bidders in complying with Rule 15c2-12(b)(5) under the Securities Exchange Act of 1934. Appropriate periodic credit information will be provided to the rating agencies maintaining ratings on the Bonds. See "FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

THE FOREGOING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ITS APPENDICES.

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STATE OF MARYLAND
Official Statement

$600,000,000*
General Obligation Bonds
State and Local Facilities Loan of 2026, Second Series
(Competitive)

THE STATE

The State of Maryland (the "State") ratified the United States Constitution on April 28, 1788. The capital of the State is Annapolis, where the principal activities of the State Government are centered. The State's population is estimated to have been 6,265,347 on July 1, 2025. Maryland ranks 42nd among the states in land area with 9,844 square miles. The largest city in the State is Baltimore with a 2025 population estimate of 569,997 (2,857,781 for the primary metropolitan statistical area).

*Preliminary, subject to change.

THE BONDS

General

The $600,000,000* aggregate principal amount of general obligation bonds offered by this Official Statement (the "Bonds") constitute the State and Local Facilities Loan of 2026, Second Series (the "Second Series Bonds" or the "Bonds"). The Bonds are expected to be issued on or about September 16, 2026.

Interest on the Second Series Bonds will accrue from the date of issuance and delivery and will be payable on each March 1, and September 1, commencing March 1, 2027, until maturity unless redeemed prior to maturity as provided herein under "Redemption Provisions."

Payment of the principal of and interest on the Bonds shall be in such currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. The Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. The Bonds will initially be maintained under a book-entry only system; individual purchasers ("Beneficial Owners") shall have no right to receive physical possession of the Bonds, and any payment of the principal or redemption price of and interest on the Bonds will be made as described in "BOOK-ENTRY ONLY SYSTEM." So long as the Bonds are maintained under a book-entry only system, the Treasurer will serve as Bond Registrar and Paying Agent.

Interest on the Bonds will be paid on the date payable or, if that date is not a Business Day (hereinafter defined), on the next succeeding Business Day, to the person in whose name the Bond is registered on the registration books (the "Bond Register") maintained by the Bond Registrar as of the close of business on the 15th day of the month immediately preceding the interest payment date. "Business Day" means a day other than a Saturday, Sunday, or day on which banking institutions are authorized or obligated by law or required by executive order to remain closed. Principal will be payable upon presentation of the Bonds at the principal office of the Paying Agent, or at the principal office of any other Bond Registrar and Paying Agent appointed by the Treasurer, on the date the principal is payable or, if that date is not a Business Day, on the next succeeding Business Day. So long as the Bonds are maintained in a book-entry only system, interest will be paid by electronic funds transfer on the interest payment date with respect to Bonds held by The Depository Trust Company, Brooklyn, New York ("DTC") from funds sent to DTC.

So long as the Bonds are maintained in a book-entry-only system, Beneficial Owners will not have physical possession of the Bonds and transfers of their interest in the Bonds will be made through DTC. Beneficial Owners should look to the institution from which their Bonds were purchased for payment.

See APPENDIX A - "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – General Obligation Bonds" for a description of the constitutional and other legal foundations of general obligation bonds of the State.

Second Series Tax-Exempt Bonds (Competitive)

The State determined to issue the Second Series Bonds as tax-exempt bonds, sold on a competitive basis as described herein under "SALE AT COMPETITIVE BIDDING" and pursuant to the Official Notice of Sale for the Second Series Bonds, included in APPENDIX C hereto.

*Preliminary, subject to change.

Authorization for the Bonds

The State Constitution prohibits the contracting of State debt unless authorized by a law providing for the collection of an annual tax or taxes sufficient to pay the interest when due and to discharge the principal within 15 years of the date of debt issuance. The State Constitution also provides that the taxes levied for this purpose may not be repealed or applied to any other purpose until the debt is fully discharged. As a matter of practice, general obligation bonds, other than refunding bonds, are issued to mature in serial installments to provide payment of interest only during the first three years and an approximately level annual payment of principal and interest over the remaining years.

The Board of Public Works (the "Board"), a constitutional body composed of the Governor, the Comptroller, and the Treasurer, by resolution authorizes the issuance of bonds in a specified amount for part or all of the loans authorized by various enabling acts. Since 1969, the Board has used its statutory authority to issue and sell general obligation bonds authorized by various enabling acts on a consolidated basis as a single issue designated as a "State and Local Facilities Loan" of a numerical Series indicating the order of sale during the calendar year. The Bonds have been authorized for issuance under this procedure.

The General Assembly annually enacts a Maryland Consolidated Capital Bond Loan Act (the "MCCBL") that consolidates within a single enabling act, authorizing funds for various capital programs administered by State agencies and other projects for local governments or private institutions to be financed through the sale of State general obligation bonds. The total amount of general obligation bonds authorized by various MCCBLs but unissued as of June 30, 2026, was $5.6 billion. In addition, the General Assembly authorized $1.75 billion of general obligation bonds in the 2026 session. See APPENDIX A - "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Capital Programs" and "SUPPLEMENTARY DEBT INFORMATION."

Based upon the State's anticipated capital needs, the Board adopted a resolution on August 5, 2026 authorizing the sale and issuance of up to $600,000,000 of tax-exempt general obligation bonds to fund capital improvements.

It is anticipated that the proceeds of the sale of the Second Series Bonds will be expended for authorized projects in the categories shown in "THE BONDS – Estimated Sources and Uses of Funds."

Security for the Bonds

The Bonds will be general obligations of the State to which the full faith and credit of the State are pledged.

Redemption Provisions

Optional Redemption for the Second Series Bonds. The Second Series Bonds maturing on or after September 1, 2037 are subject to redemption prior to their respective maturities on or after September 1, 2036, as a whole or in part at the option of the State at any time on at least 20 days' notice and, if in part, in any order of maturity at the option of the State, at the redemption price of par, plus accrued interest, if any, to the redemption date.

Redemption Procedures. If less than all of the Second Series Bonds of any maturity shall be called for redemption, the particular Second Series Bonds to be redeemed shall be selected by the Paying Agent in such manner as, in its discretion, it shall determine, except that so long as DTC or its nominee is the sole registered owner of the Second Series Bonds, the particular Second Series Bonds to be redeemed shall be selected by DTC, in such manner as DTC shall determine.

In case part but not all of any of the Second Series Bonds of any maturity shall be selected for redemption, then upon its surrender, there shall be issued without charge to the registered owner replacement bonds in any authorized denominations as specified by the registered owner. The aggregate principal amount of bonds so issued shall be equal to the unredeemed balance of the principal amount of the bond surrendered, and bonds so issued shall bear the same interest rate and shall mature on the same date as the bond surrendered. Should the State elect to redeem all or a portion of the Second Series Bonds, the State shall provide a redemption notice (i) by first class mail, postage prepaid, at least 20 days prior to the redemption date to each registered owner as identified within the Bond Register and (ii) as may be further required in accordance with the Continuing Disclosure Agreement; provided, however, that neither the failure to mail the redemption notice nor any defect in the notice shall affect the validity of the redemption proceedings.

The redemption notice shall state: (1) whether the Second Series Bonds are to be redeemed in whole or in part and, if in part, the portions of the principal amount of each maturity of the Second Series Bonds to be redeemed; (2) the redemption date and the redemption price or prices; (3) that the Second Series Bonds to be redeemed shall be presented for redemption and payment on or after the redemption date at the principal office of the Paying Agent; (4) that interest on the Second Series Bonds called for redemption shall cease to accrue on the redemption date, and (5) any conditions to such redemption. In the event that a redemption notice contains a condition and the condition is not met, the redemption will not occur and notice will be given that the redemption is to be or was cancelled.

From and after the redemption date, if funds sufficient for the payment of the redemption price of the Second Series Bonds called for redemption are available on such date, the Second Series Bonds so called for redemption shall become due and payable at the redemption price or prices on the redemption date, interest on the Second Series Bonds shall cease to accrue, and the registered owners of the Second Series Bonds so called for redemption shall have no rights in respect thereof except to receive payment of the redemption price plus accrued interest to the redemption date. Upon presentation and surrender of the Second Series Bonds called for redemption in compliance with the redemption notice, the Paying Agent shall pay the redemption price of the Second Series Bonds. If the Second Series Bonds so called for redemption are not paid upon presentation and surrender as described above, such bonds shall continue to bear interest at the rates stated therein until paid.

Remedies

Based upon the provisions of §34 and 52 of Article III of the State Constitution, general statutory law, and the enabling legislation for general obligation bond authorizations, in the opinion of the Attorney General, the courts of Maryland have jurisdiction to entertain proceedings and power to grant mandatory injunctive relief to: (1) require the Governor to include in the annual budget an appropriation sufficient to pay all general obligation bond debt service for the ensuing fiscal year; (2) prohibit the General Assembly from taking action to reduce any such appropriation below the level required for that debt service; (3) require the Board of Public Works to fix and collect a tax on all property in the State subject to assessment for State tax purposes at a rate and in an amount sufficient to make such payments to the extent that adequate funds are not provided in the annual budget; and (4) provide such other relief as might be necessary to enforce the collection of these taxes and payment of the proceeds to the holders of general obligation bonds, *pari passu,* subject to the inherent limitations of the Constitution referred to below.

It is also the opinion of the Attorney General that, while the mandatory injunctive remedies would be available and while the general obligation bonds of the State are entitled to constitutional protection against the impairment of the obligation of contracts, such constitutional protection and the enforcement of such remedies would not be absolute. Enforcement of a claim for payment of the principal of or interest on the Bonds could be subject to the provisions of any statutes that hereafter may be constitutionally enacted by the United States Congress or by the General Assembly extending the time for payment or imposing other constraints upon enforcement.

Estimated Sources and Uses of Funds

	Second Series Bonds
Sources:	
Par Amount	$
Original Issue Premium	
Total Sources	$
Uses:	
Deposit to State and Local Facilities Loan Fund	$
Deposit to the Annuity Bond Fund	
Costs of Issuance	
Underwriter's Discount	
Total Uses	$

Second Series Bonds. A portion of the proceeds from the sale of the Second Series Bonds will be deposited in the State and Local Facilities Loan Fund and will be expended as needed on any project authorized by an enabling act, whether or not bonds have been sold to specifically fund that project. "Project" accounting will be maintained to assure

that individual project expenditures will not exceed individual project authorizations. The expenditure of bond proceeds for capital improvements is accounted for on a "cash flow" basis rather than a "project" basis.

The proceeds of the Second Series Bonds deposited to the State and Local Facilities Loan Fund are reasonably anticipated to be expended for the following purposes:

Second Series Bonds
($ in thousands)

Education	$326,613
Health and Hospital	28,558
Public Safety	32,583
Environment	39,093
Housing and Community Development	38,909
Utilities	6,215
Transportation	45,466
Other	82,563
Total	$600,000

LEGAL MATTERS

Legality of the Bonds

The legality of the issuance of the Bonds offered by this Official Statement will be passed upon by the Honorable Anthony G. Brown, Attorney General of Maryland, and by McKennon Shelton & Henn LLP, Baltimore, Maryland, Bond Counsel. However, Bond Counsel will rely upon the opinions of the Attorney General addressed to Bond Counsel with respect to the validity of the specified State loans or installments thereof represented by the Bonds and as to compliance with State law. Delivery of the Bonds is conditioned upon delivery by the Attorney General and Bond Counsel of unqualified opinions substantially in the respective forms set forth in APPENDIX B - "FORMS OF OPINION OF THE ATTORNEY GENERAL OF MARYLAND AND BOND COUNSEL."

Litigation and Other Matters

The State and its units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Except as noted in APPENDIX A - "LITIGATION AND OTHER MATTERS", the legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse effect on the State's financial position. See APPENDIX A - "STATE FINANCES – Impact of Federal Actions" for a discussion of certain litigation in response to the current presidential administration's actions.

TAX MATTERS

The following is only a general summary of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), as enacted and in effect on the date hereof and does not discuss all aspects of federal income taxation that may be relevant to a particular holder of Bonds in light of such holder's particular circumstances and income tax situation. Each holder of Bonds should consult such holder's tax advisor as to the specific tax consequences to such holder of the ownership and disposition of the Bonds, including the application of state, local, foreign and other tax laws.

Maryland Income Taxation

In the opinion of the Attorney General and Bond Counsel, under existing law, the Bonds, their transfer, the interest payable on them and any income derived from them, including any profit realized in their sale or exchange, shall be exempt from State of Maryland taxes and local taxes within the State of Maryland. No opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Interest on the Bonds may be subject to state or local income taxes in jurisdictions other than the State of Maryland under

applicable state or local tax laws. Purchasers of the Bonds should consult their own tax advisors with respect to the tax status of the Bonds in jurisdictions other than Maryland.

Federal Income Taxation

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein and under existing statutes, regulations and decisions, the interest on the Bonds will be excludable from gross income for federal income tax purposes.

Under the provisions of the Internal Revenue Code of 1986, as amended, there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The State has covenanted to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds.

Further, under existing statutes, regulations and decisions, Bond Counsel is of the opinion that interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment. Interest on the Bonds will be part of adjusted financial statement income in computing the alternative minimum tax on applicable corporations, 15% of which is included in the computation of the corporate alternative minimum tax imposed on applicable corporations. For this purpose, in general, applicable corporations are corporations with more than $1.0 billion in average annual adjusted financial statement income determined over a three-year period. In addition, interest income on the Bonds will be subject to the branch profits tax imposed by the Code on foreign corporations engaged in trade or business in the United States of America.

In rendering its opinions with respect to the Bonds, Bond Counsel will rely without investigation on certifications provided by the State with respect to certain material facts within the knowledge of the State relevant to the tax-exempt status of interest on the Bonds.

Certain Other Federal Tax Consequences

There are other federal tax consequences of ownership of obligations such as the Bonds under certain circumstances, including the following: (i) deductions are disallowed for certain expenses of taxpayers allocable to interest on tax-exempt obligations, as well as interest on indebtedness incurred or continued to purchase or carry tax-exempt obligations and interest expense of financial institutions allocable to tax-exempt interest; (ii) for property and casualty insurance companies, the amount of the deduction for losses incurred must be reduced by 25% of the sum of tax-exempt interest income and the deductible portion of dividends received by such companies; (iii) interest income that is exempt from tax must be taken into account for the purpose of determining whether, and what amount of, social security or railroad retirement benefits are includable in gross income for federal income tax purposes; (iv) for S corporations having Subchapter C earnings and profits, the receipt of certain levels of passive investment income, which includes interest on tax-exempt obligations such as the Bonds, can result in the imposition of tax on such passive investment income and, in some cases, loss of S corporation status; (v) net gain realized upon the sale or other disposition of the Bonds must be taken into account when computing the 3.8% Medicare tax with respect to net investment income or undistributed net investment income, as applicable, imposed on certain higher income individuals and specified trusts and estates; and (vi) receipt of certain investment income, including interest on the Bonds, is considered when determining qualification limits for obtaining the earned income credit provided by Section 32(a) of the Code.

Purchase, Sale and Retirement of Bonds

Except as noted below in the case of market discount, the sale or other disposition of a Bond will normally result in capital gain or loss to its holder. A holder's initial tax basis in a Bond will be its cost. Upon the sale or retirement of a Bond, for federal income tax purposes, a holder will recognize capital gain or loss upon the disposition of such security (including sale, early redemption or payment at maturity) in an amount equal to the difference between (a) the

amount received upon such disposition and (b) the holder's tax basis in such Bond. Such gain or loss will be a long-term capital gain or loss if at the time of the sale or retirement the Bond has been held for more than one year. Present law taxes both long and short-term capital gains of corporations at the rates applicable to ordinary income. For noncorporate taxpayers, however, short-term capital gains are taxed at the rates applicable to ordinary income, while net capital gains are taxed at lower rates. Net capital gains are the excess of net long-term capital gains (gains on capital assets held for more than one year) over net short-term capital losses.

Market Discount

If a holder acquires a Bond after its original issuance at a discount below its principal amount (or in the case of a Bond issued at an original issue discount, at a price that produces a yield to maturity higher than the yield to maturity at which such bond was first issued), the holder will be deemed to have acquired the Bond at "market discount," unless the amount of market discount is *de minimis*, as described in the following paragraph. If a holder that acquires a Bond with market discount subsequently realizes a gain upon the disposition of the Bond, such gain shall be treated as taxable interest income to the extent such gain does not exceed the accrued market discount attributable to the period during which the holder held such Bond, and any gain realized in excess of such market discount will be treated as capital gain. Potential purchasers should consult their tax advisors as to the proper method of accruing market discount.

Market discount will be *de minimis* if the excess of the Bond's stated redemption price at maturity over the holder's cost of acquiring the Bond is less than 0.25% of the stated redemption price at maturity multiplied by the number of complete years between the date the holder acquires the Bond and its maturity date.

Amortizable Bond Premium

A Bond will be considered to have been purchased at a premium if, and to the extent that, immediately after the acquisition of such Bond, the holder's tax basis in the Bond exceeds the amount payable at maturity (or, in the case of a Bond callable prior to maturity, an amount payable on the earlier call date, as described). Under tax regulations applicable to the Bonds, the amount of the premium would be determined with reference to the amount payable on that call date (including for this purpose the maturity date) which produces the lowest yield to maturity on the Bonds. The holder will be required to reduce his tax basis in the Bond for purposes of determining gain or loss upon disposition of the Bond by the amount of amortizable bond premium that accrues, determined in the manner prescribed in the regulations. Generally, no deduction (or other tax benefit) is allowable in respect of any amount of amortizable bond premium on the Bonds.

Legislative Developments

Legislative proposals could adversely affect the market value of the Bonds. Further, if enacted into law, any such legislation could cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation and could otherwise alter or amend one or more of the provisions of federal tax law described above or their consequences. Prospective purchasers of the Bonds should consult with their tax advisors as to the status and potential effect of any pending or future legislative proposals, as to which Bond Counsel expresses no opinion.

SALE AT COMPETITIVE BIDDING

The Bonds will be offered by the State for sale by competitive bidding on Wednesday, September 2, 2026, in accordance with the Official Notice of Sale set forth in APPENDIX C.

The Official Notice of Sale for the Second Series Bonds provides that the Second Series Bonds are being offered for sale in two separate bidding groups (each a "Bidding Group") pursuant to two separate electronic bids, as provided in the Official Notice of Sale for the Second Series Bonds, as each such Bidding Group may be changed in accordance with such Official Notice of Sale. The Official Notice of Sale further provides that the initial purchaser of the Bonds in a Bidding Group will purchase all Bonds in such Bidding Group, if any such Bonds are purchased, such purchase obligation being subject to certain conditions set forth in the Official Notice of Sale, the approval of certain legal matters by counsel and certain other conditions. One such condition is that the obligation of the State to sell and deliver the Bonds comprising one Bidding Group shall be contingent upon the sale and delivery of the Bonds comprising the other Bidding Group.

The interest rates shown on the inside cover page of this Official Statement for the Second Series Bonds are the interest rates per annum payable by the State resulting from the award of the Second Series Bonds at competitive bidding. The yields or prices shown on the inside cover pages of this Official Statement for the Second Series Bonds will be furnished by the successful bidders for the Second Series Bonds. All other information concerning the nature and terms of any reoffering of the Second Series Bonds should be obtained from the successful bidders for the Second Series Bonds and not from the State.

OTHER INFORMATION

Report of Independent Public Accountants

The Basic Financial Statements of the State of Maryland for the year ended June 30, 2025, which are included in the Annual Comprehensive Financial Report ("ACFR") of the State and described in APPENDIX A - Exhibit 1 - "FINANCIAL AND ACCOUNTING SYSTEM AND FINANCIAL STATEMENTS" of this Official Statement have been audited by SB & Company, LLC, independent certified public accountants, as stated in their report appearing therein. SB & Company, LLC has not been engaged to perform and has not performed, since the date of its report included therein any procedures on the financial statements addressed in that report. SB & Company, LLC also has not performed any procedures relating to this Official Statement.

Financial Advisor

Public Resources Advisory Group of New York, NY, ("PRAG") and Municipal Resources Advisors LLC ("MRA") are serving as financial advisors to the State for the sale and delivery of the Bonds. PRAG and MRA are financial advisory and consulting organizations and are not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiable instruments. Neither PRAG nor MRA have independently verified the information contained in this Official Statement and do not assume responsibility for accuracy, completeness or fairness of such information.

Ratings

Fitch Ratings, Kroll Bond Rating Agency, and S&P Global Ratings have given the Bonds ratings of "AAA" (stable outlook), "AAA" (stable outlook), and "AAA" (negative outlook), respectively. An explanation of the significance of a particular rating may be obtained from the rating agency furnishing it. The State furnished to the rating agencies the information contained in the preliminary form of this Official Statement and other information. Generally, rating agencies base their ratings on such materials and information, as well as their own investigations, studies, and assumptions. It should be noted that the ratings may be changed at any time and that no assurance can be given that the ratings will not be revised downward or withdrawn by any or all rating agencies, if in the judgment of any or all, circumstances should warrant such actions. Any downward revision or withdrawal of any of the ratings could have an adverse effect on market prices for the Bonds.

The complete rating reports for the State of Maryland referenced above are available on the Treasurer's website.

Continuing Disclosure

In order to enable the successful bidders for the Bonds to comply with the requirements of paragraph (b)(5) of the Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, the Board of Public Works will execute and deliver, on the date of issuance and delivery of the Bonds, a Continuing Disclosure Agreement, the form of which is attached as APPENDIX D. Potential purchasers should note that certain of the events listed in Section 4(a) of the Continuing Disclosure Agreement have been included for purposes of compliance with Rule 15c2-12 but are not relevant for the Bonds, specifically those events relating to debt service reserves, credit enhancements and liquidity providers, and property or other collateral. The State files its continuing disclosures with the Electronic Municipal Market Access ("EMMA") system established by the Municipal Securities Rulemaking Board.

The State has complied in all material respects with its obligations under its existing Continuing Disclosure Agreements executed pursuant to Rule 15c2-12(b)(5) during the last five years. The State notes that its Annual Comprehensive Financial Report filing for the fiscal year ending June 30, 2021 (the "State 2021 ACFR") was not linked on EMMA to the CUSIPs for the 2009 and 2011 bond issues of the Baltimore City Board of School Commissioners for which the State signed continuing disclosure agreements. The State's 2021 ACFR is now linked to those CUSIPs on EMMA.

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This Official Statement has been approved and authorized by the Board of Public Works of Maryland for use in connection with the sale of the Bonds. The successful bidders will each be furnished, without cost, with electronic copies of this Official Statement and any amendment or supplement that may be issued.

The Official Notice of Sale for the Bonds, attached as APPENDIX C to this Official Statement, set forth the terms and conditions of the public sale and delivery of and payment for the Bonds. Reference is particularly made to the Official Notice of Sale for statements of the legal opinions as to the validity of the Bonds, the legal opinions and other certifications relating to the accuracy and completeness, in all material respects, of the Official Statement, and the other signed documents to be delivered to the successful bidders for the Bonds at or prior to closing as a condition to the bidders' obligations to accept delivery of and to pay for the Bonds.

BOARD OF PUBLIC WORKS OF MARYLAND

WES MOORE
Governor

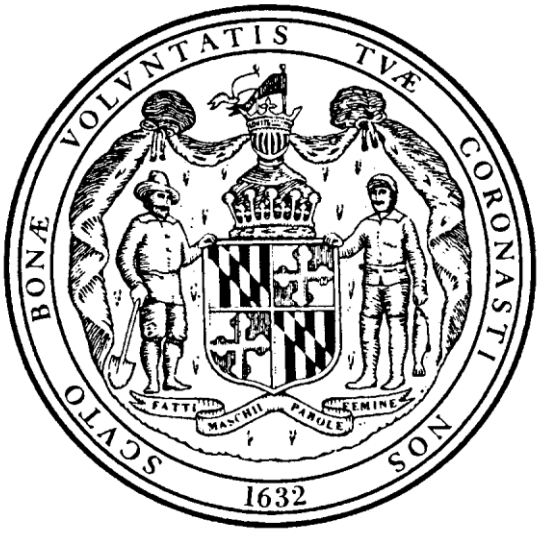
BROOKE E. LIERMAN
Comptroller

DERECK E. DAVIS
Treasurer

Annapolis, Maryland
September _, 2026

APPENDIX A

STATE OF MARYLAND



INFORMATION STATEMENT

$600,000,000*
General Obligation Bonds
State and Local Facilities Loan of 2026, Second Series

Tax-Exempt Bonds
(Competitive)

*Preliminary subject to change

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STATE GOVERNMENT

Legislature

The State has a bicameral legislature, the General Assembly, composed of the Senate with 47 members and the House of Delegates with 141 members. The State is divided into 47 legislative districts, each with one senator and three delegates. All members of the General Assembly are elected for four-year terms. The General Assembly meets annually for a 90-day session beginning on the second Wednesday in January. This regular session may be extended by the General Assembly or the Governor, and the General Assembly may meet in special sessions, but no extended or special session may last for longer than 30 days except for the purpose of enacting the annual budget.

Constitutional Officers

The leadership of State government includes four constitutional officers elected by the voters on a statewide basis for four-year terms: the Governor, the Lieutenant Governor, the Comptroller, and the Attorney General. Leadership of State government also includes the Treasurer, a constitutional officer appointed upon a joint ballot of the Senate and the House of Delegates for a four-year term.

The Governor is the chief executive officer of the State. The Lieutenant Governor has such duties as are delegated by the Governor, which may include any and all powers and duties of the Governor and may serve as Acting Governor during the absence or incapacity of the Governor. The Attorney General is legal counsel to the Governor, the General Assembly, and all departments and units of the State government except the Public Service Commission and certain authorities.

Together, the Comptroller and the Treasurer constitute the Treasury Department. The Comptroller is required to exercise general superintendence over the fiscal affairs of the State, to prepare plans for the improvement and management of revenue and support of public credit, to keep the accounts of the State and its agencies, to prescribe the form of completing and stating these accounts, and to superintend and enforce the collection of all taxes and revenue. The Treasurer maintains custody of all deposits of State monies, invests the State's surplus funds, maintains custody of all securities, and is responsible for all disbursements of State funds, including payment of principal and interest on State debt. Acting on behalf of the Board of Public Works, the Treasurer manages the State's general obligation debt program, including all matters relating to the issuance and oversight of general obligation bonds.

Budgetary System

Maryland has historically had a strong executive system of government. Under the Maryland Constitution, Article III, §52, the Governor is responsible for the preparation and introduction of the State's annual budget. The Governor is required by the Constitution to submit a balanced budget, and in preparing the budget, the Governor is statutorily required to use revenue estimates reported by the Board of Revenue Estimates, whose members are the Comptroller, the Treasurer and the Secretary of Budget and Management, or explain the use of different estimates. The Maryland General Assembly may increase, decrease, or add items to the State budget as long as any such actions do not exceed the total proposed budget submitted by the Governor.

Passage of the State's budget is constitutionally prioritized. The General Assembly meets annually for 90 days, beginning the second Wednesday of each January. If the budget has not been enacted seven days before the end of session (the 83rd day), the Constitution requires that the Governor issue a proclamation extending the session. If the budget has not been enacted by the 90th day, the General Assembly cannot consider any matter except the budget. This places the normal budget deadline in early April, almost three months before the start of the next fiscal year.

Although laws enacted by the General Assembly are generally subject to referendum, the power of referendum is subject to express limitations, and does not extend to the State budget. The effective date of the State budget cannot be delayed by referendum. Maryland does not require supermajorities to increase taxes or enact the budget. A simple majority is required for passage of all bills.

The Governor submits to the General Assembly, shortly after the beginning of its annual session, a budget containing a complete plan of proposed expenditures and estimated revenues for the ensuing fiscal year, together with a statement showing: (1) the revenues and expenditures for the preceding fiscal year; (2) reserves, and surplus or deficit of the State; (3) the debts and funds of the State; (4) an estimate of the State's financial condition as of the beginning and end of the preceding fiscal year; and (5) any explanation the Governor may desire to make as to the

important features of the budget and any suggestions as to methods for reduction or increase of the State's revenue. The budget is required to include a total for all appropriations and all estimated revenues; total appropriations may not exceed the estimated revenues, either as submitted by the Governor or as enacted by the General Assembly. The Constitution requires the Governor to include appropriations for certain matters, including specifically an appropriation to pay and discharge the principal and interest of the debt of the State in conformity with Article III, §34 of the Constitution and all laws enacted pursuant thereto. See APPENDIX A - "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM."

The Governor also is required to include in the annual budget sufficient appropriations to fund programs for which specific statutory spending levels or rates have been established by the General Assembly at a preceding session. With the submission of the budget for the ensuing year, the Governor also presents to the General Assembly any deficiency appropriations that the Governor may deem necessary to supplement the current year's appropriations considering current conditions. By law the Governor has the power, with the approval of the Board of Public Works, to reduce by not more than 25% any appropriation that the Governor may deem unnecessary, except appropriations for the payment of interest and the retirement of State debt, the legislature, the public schools, the judiciary, and the salaries of public officers during their terms of office.

The General Assembly must enact a balanced budget. After the enactment of the budget, and not before, the General Assembly is permitted to enact supplementary appropriations but may not enact any supplementary appropriation unless embodied in a separate bill that is limited to a single object or purpose and provides the revenue necessary to pay the appropriation by a tax to be levied and collected under the terms of the bill.

State expenditures are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendment. The various units of State government may, with the Governor's approval, amend the appropriations for particular programs in their individual budgets funded from the General Fund, provided they do not exceed their total General Fund appropriations as contained in the annual budget. Additionally, appropriations for programs funded in whole or in part from funds other than the General Fund may permit expenditures in excess of original appropriations to the extent that revenues from the particular non-General Fund sources exceed original budget estimates and the additional expenditures are approved by the Governor.

The Department of Budget and Management is headed by a Secretary who assists the Governor in the preparation and administration of the budget and constitutes a statutorily created department that contains 352 positions in fiscal year 2027.

The Department of Legislative Services provides full-time professional assistance to all committees and subcommittees of the General Assembly including those involved with budget, taxation and fiscal matters. The department also conducts research into fiscal and policy issues. The Office of Legislative Audits is part of the department and is required by law to examine and report on the books and accounts of all agencies of State government at least every four years. See APPENDIX A - "FINANCIAL AND ACCOUNTING SYSTEM AND FINANCIAL STATEMENTS."

The Spending Affordability Committee consists of certain designated officers of the General Assembly and other members as may be appointed by the President of the Senate and the Speaker of the House of Delegates. Each year the Spending Affordability Committee must submit a report to the Legislative Policy Committee of the General Assembly and to the Governor recommending the level of State spending, the level of new debt authorization, the level of State personnel, and the use of any anticipated surplus.

Principal Departments

The executive functions of State Government are organized into 23 major departments, 22 of which are headed by a Secretary appointed by the Governor with the advice and consent of the Senate. The State Department of Education is headed by the State Board of Education, the members of which are appointed by the Governor for overlapping five-year terms, and the State Superintendent of Schools, who is appointed by the State Board of Education for a four-year term. The departments and their principal responsibilities are as follows:

The Department of Aging administers the delivery of services and activities for the elderly.

The Department of Agriculture is responsible for supervising, administering, and promoting agricultural activities in the State.

The Department of Budget and Management analyzes and plans budgetary matters and provides coordination and liaison for the Governor with the General Assembly, State operating agencies, and the public on matters relating to the operating and capital budgets, analysis of program revenues and budget implications, and performance auditing; manages and coordinates employee health benefits; and administers personnel policies with respect to State employees.

The Department of Commerce promotes economic development, industrial opportunities, tourism, and economic resources of the State; and provides for and assists in financing industrial and commercial development.

The Department of Disabilities is responsible for developing, maintaining, revising, and enforcing statewide disability policies and standards.

The Department of Emergency Management is charged with ensuring the State is prepared to deal with emergencies beyond the capabilities of local authorities, providing for the common defense, protecting the public peace, health and safety, and preserving the lives and property of Marylanders.

The Department of the Environment is responsible for fostering and protecting the State's natural environment and administers various State programs regulating air, water, and hazardous waste pollution.

The Department of General Services advises the Board of Public Works and State agencies on matters of engineering, construction, and contracts in connection with capital expenditures and coordinates land acquisitions and the design and construction of State public works projects. The agency also houses the Office of State Procurement, which has centralized authority for procurement for all executive branch agencies except for the Maryland Department of Transportation.

The Department of Health is responsible for matters concerning public health in the State, including the direct delivery of health care services through State-owned health centers and hospitals and the financing of health services to low-income individuals through the Medicaid program.

The Department of Housing and Community Development administers the State's housing and community development assistance programs, including certain housing loan and mortgage insurance programs.

The Department of Human Services administers, on the State level, the federal and State social service, public assistance, child support, and income maintenance programs.

The Department of Information Technology is responsible for statewide Information Technology ("IT") policy, oversight of large IT projects and expenditures, and centralization of common IT functions and assets statewide.

The Department of Juvenile Services is responsible for State programs serving delinquent youths, children in need of supervision, and children in need of assistance.

The Department of Labor administers various State regulatory agencies and licensing boards responsible for licensing and regulating professions, businesses, and trades, and has responsibility for the direction, coordination, and monitoring of all State employment and training and unemployment insurance programs.

The Department of Natural Resources is responsible for developing, coordinating, and administering policies and programs involving the natural resources and wildlife of the State.

The Department of Planning is the principal agency for planning matters concerning the development and effective use of the natural and other resources of the State and is also responsible for various historical and cultural programs.

The Department of Public Safety and Correctional Services is responsible for public safety, State correctional facilities, and parole and probation.

The Department of Service and Civic Innovation is responsible for providing service opportunities to Marylanders through the Service Year Option, AmeriCorps State Commission, and other service and volunteerism programs.

The Department of Social and Economic Mobility was established through legislation enacted by the General Assembly in the 2025 Session. The legislation merges a number of mainly independent executive units of State government. The new Department is responsible for providing support for units of State government, individuals, and businesses for the maintenance of social equity policies in the State.

The Department of State Police is responsible for law enforcement and crime prevention.

The Department of Transportation is responsible for State-owned transportation facilities and programs, including the planning, financing, construction, operation, and maintenance of highway, transit, rail, port, and aviation facilities.

The Department of Veterans and Military Families assists the State's veterans in obtaining benefits and services, maintains veterans' cemeteries and war memorials, and operates the State's veterans' home.

The State Department of Education is charged with the general supervision of public elementary and secondary education and is responsible for establishing and administering State educational policies and programs.

See APPENDIX A - "STATE FINANCES – State Expenditures and Services" for information concerning the activities of the departments that administer functions requiring the largest expenditures of funds by the State.

Judiciary

The Judiciary, a separate branch of government established in the State Constitution, includes two courts of appellate jurisdiction. The Supreme Court of Maryland (formerly known as the Court of Appeals), originally created by the State Constitution of 1776, is the State's highest court; today this court's appellate jurisdiction is almost entirely discretionary. The Appellate Court was established in 1966 as an intermediate appeals court having statewide jurisdiction; almost all initial civil and criminal appeals are now included in the jurisdiction of this court.

The Circuit Courts, which function as trial courts of general jurisdiction, are the common law and equity courts of record exercising original jurisdiction within the State and handle the major civil and the more serious criminal matters. A Circuit Court sits in each county and in Baltimore City. The District Court of Maryland, created in 1970, is divided into 12 geographic districts throughout the State and exercises limited civil and criminal jurisdiction.

Board of Public Works

The Governor, Comptroller, and Treasurer are the members of the Board of Public Works. The Constitution of Maryland, Article XII, §2, provides that a majority of the Board shall be competent to act. A constitutional body, the Board supervises the expenditure of all funds obtained by State general obligation bond issues and all funds appropriated for capital improvements other than public schools, roads, bridges, and highways. The Board must review and approve all contracts for such capital expenditures after review by the legislatively authorized control agency, principally, the Department of Transportation, the Department of General Services or the University System of Maryland. The Board considers, acts upon, and authorizes all issues of State general obligation bonds and fixes the rate of the State property tax required for debt service.

STATE FINANCES

The State anticipates ending fiscal year 2026 with a General Fund balance of $753.0 million and a Revenue Stabilization Account balance of $2.1 billion once approved deficiencies and other actions in the fiscal year 2027 budget are taken into account. Fiscal year 2027 is projected to close with a General Fund balance of $201.0 million and a Revenue Stabilization Account balance of $2.2 billion. See APPENDIX A - "STATE GOVERNMENT – Budgetary System," "STATE FINANCES–State Revenues," "– General Fund 2026 Budget," "– General Fund 2027 Budget" and "– Interim General Fund Revenues and Expenditures."

There are several items of note that will likely impact the State financial overview over the next several years. These items include recent federal actions, the collapse of the Francis Scott Key Bridge and the State's investment in education pursuant to its Blueprint Initiative. These items are discussed in more detail below. See also "LEGAL MATTERS – Litigation and Other Matters" for a discussion of the State's potential liability pursuant to legal matters including the Child Victims Act approved by the General Assembly in 2023.

Impact of Federal Actions

Federal Policy Risks. Federal policies involving taxation, spending, debt, trade, immigration, the environment and education can shift from one presidential administration or Congressional session to the next. These shifts can impact state and local revenues, programs, operations, and funding in material ways.

The current presidential administration has taken actions to, among other things, delay or cancel various grants and other appropriations, reduce the federal workforce, impose new or increasing tariffs and restrictions on appropriations, and eliminate certain federal agencies and departments. The Maryland Attorney General has led or joined litigation efforts to challenge many of these actions. Federal aid may be delayed or withheld pending resolution of these suits. Given the shifting nature of many of the actions and the legal responses to them, the State cannot predict the outcome or duration of these policy shifts. Although the State continues to monitor and assess the impact of the federal actions, it is unable at this time to determine the total potential impact on Maryland finances. These actions could have a material adverse impact on the State's finances.

Due to Maryland's proximity to the nation's capital, federal operations and appropriations have historically had a significant impact on Maryland's economy. Estimates from the U.S. Department of Commerce, Bureau of Economic Analysis indicate that 10.5% of Maryland's gross domestic product ("GDP") came from the federal government in 2025. The State also has a robust elementary, secondary, and higher education system that is partially reliant on federal financial assistance.

In order to proactively address the impact of the federal actions, the State based its fiscal 2026 budget on various assumptions and contingencies that are not certain and may not materialize. The actual impact of the federal actions may be in excess of these assumptions and contingencies. The fiscal 2026 budget established a process for the State's fiscal response should it be determined that federal revenues will be reduced by at least $1.0 billion below the appropriated amount. To date, that process has not been utilized.

Employment. As discussed above, the federal government has an outsized role in Maryland's economy. Due to the State's proximity to Washington, D.C. ("D.C."), the federal government accounts for a greater share of jobs and income for Maryland residents compared to other states. According to the U.S. Bureau of Labor Statistics' Current Employment Statistics ("CES") survey federal jobs make up 4.9% of total payroll jobs in Maryland by the end of 2025, a decline from 5.7% in 2024. Federal workers in Maryland have a higher average wage than other workers in Maryland. The wage income of federal workers accounted for 10.3% of total wage income in the first quarter of 2026 according to the U.S. Department of Commerce, Bureau of Economic Analysis, down from 12.1% in the first quarter of 2025.

A significant share of employed Marylanders work in D.C., particularly for the federal government or related contractors. Note that W-2 data does not include hours worked, and that turnover in federal jobs increases the number of Marylanders who received wage income from the federal government in a year. Typically, federal government employment acts as a stabilizing factor in Maryland, falling less than private employment during recession, and rising less than private employment during expansions. Federal employment expanded during the pandemic in the Maryland,

D.C., and Virginia ("DMV") region. However, federal employment has declined significantly in the region since the end of 2024, as displayed in the table below.

	Maryland Dec. 2024	Maryland June. 2026	D.C. Dec. 2024	D.C. June 2026	Virginia Dec. 2024	Virginia June 2026
Federal Employment Level	162,400	133,400	192,400	164,400	195,600	170,700
Federal % of Total Employment	5.7%	4.8%	25.1%	22.8%	4.6%	4.0%
Change Since 2024		(29,000)		(28,000)		(24,900)

The employment data above does not account for the contribution of federal government contracts to Maryland's economy. Data on federal contractors is not readily available, as federal contractors are included in private sector job counts and GDP. According to the U.S. General Services Administration, $36.8 billion in federal contracts were awarded in Maryland in 2025. However, U.S. federal government grant and contract obligations in Maryland fell by 23.8% in 2025 compared to the prior year.

Economic Impact of Tariff Actions. The federal government has announced significant increases to import tariffs across a wide range of goods and countries of origin. At the time of writing, there is significant uncertainty regarding future announcements and changes to current tariff policy. The Yale Budget Lab estimates that the average effective tariff rate in the U.S. as of July 24, 2026, is approximately 11.1%, down from a peak above 20% earlier in the current administration. Other countries have subsequently announced retaliatory tariffs which may further reduce international trade.

Tariffs may affect Maryland through the impact on consumers and on international trade. The Port of Baltimore is one of the largest automobile importers in the country. Lower overall trade volumes could lead to a reduction of trade handled by the Port of Baltimore. However, the Port of Baltimore does comparatively less trade with China and more trade with the European Union than West Coast ports.

Impact of Francis Scott Key Bridge Collapse

On March 26, 2024, the Francis Scott Key Bridge ("FSK Bridge") in Baltimore collapsed after being struck by the container ship M/V DALI, resulting in the deaths of six construction workers, the partial closure of the Port of Baltimore (the "Port") operations, and disruption to the regional transportation network and economy. The State of Maryland, Baltimore City, and Baltimore County each declared a state of emergency as a result of the collapse.

The shipping channel that the FSK Bridge spans provides access to more than 30 public and private marine terminals of the Port. The FSK Bridge collapse resulted in a suspension of vessel traffic into and out of the Port of Baltimore's public and private marine terminals located north and west of the former Key Bridge, and ongoing disruption of vessel traffic until the full channel was reopened on June 10, 2024. Even following the reopening of the channel, the full economic impact of the disruption to the Port of Baltimore and State has yet to be determined.

Rebuilding of FSK Bridge. The Maryland Transportation Authority ("MDTA") is coordinating with federal agencies to reconstruct the FSK Bridge. The MDTA received $350 million through its property insurance policy in 2024 and approximately $2.1 billion in legal settlement funds from the owner and manager of the M/V DALI in June 2026. The State also intends to pursue claims in litigation against Hyundai Heavy Industries related to the allision. In December 2024, Congress passed the American Relief Act, FHWA Emergency Relief Program (Title 23 U.S.C., Section 125) that provides 100% federal funding for reconstruction of the FSK Bridge, net of insurance, litigation settlement funds, and interest income. The MDTA is contemporaneously drawing on federal funds and internal sources (insurance, litigation proceeds, interest income) to fund bridge reconstruction. Draw requests for FHWA Emergency Relief Funds have not experienced any delays.

The full magnitude of the economic impact of the FSK Bridge collapse on the State is still being evaluated but is believed to be significant.

Blueprint Initiatives

The Blueprint for Maryland's Future passed in 2020 after a two-year study commission that completed an intensive gap analysis comparing Maryland to high-performing education systems in the U.S. and across the world.

The final legislation includes significant changes in five major policy areas that together set forth a 10-year phased-in plan to ensure that Maryland has a highly skilled and well-educated workforce to compete in the global economy: (1) early childhood education; (2) high quality and diverse educators and leaders; (3) career and college pathways; (4) resources for all students to succeed; and (5) governance and accountability.

The Blueprint initiatives are supported by a combination of funding sources, including lottery proceeds, sports betting revenues, and a percentage of sales tax increases. Additionally, legislation in 2022 and 2023 diverted a total of $1.3 billion from income tax revenue and Revenue Stabilization Fund contributions to a dedicated special fund, the Blueprint for Maryland's Future Fund (the "Blueprint Fund"). Revenue and spending actions in the enacted fiscal 2025 budget resolve a projected fiscal 2027 Blueprint Fund deficit and improve the long-term health of the fund. These include increasing the sales and use tax rate for electronic smoking devices from 12% to 20%, increasing taxes on tobacco products, earmarking a share of all tobacco revenue to the Blueprint Fund, and delaying the phase-in of certain provisions related to full-day prekindergarten expansion. During the 2025 Legislative session, several revisions were made to the Blueprint plan to further improve fiscal sustainability including freezing the implementation of collaborative time grants for fiscal years 2027 and 2028 at the fiscal 2026 level, reducing the funding for coordinated community supports, and adding a provision where if General Fund and Blueprint Fund revenues decline by 3.75% or more from March estimates to December estimates, Blueprint formula funding is held constant.

State Revenues

The State derives most of its revenue from a combination of specialized taxes and user charges. The following are principal sources of the State's revenues:

Income Taxes. An income tax is imposed on: (1) the federal adjusted gross income of individuals, subject to certain positive and negative adjustments minus certain deductions and personal exemptions; and (2) the federal taxable income of corporations, subject to certain positive and negative adjustments. Individuals may elect to use a standard deduction in lieu of itemized deductions. As of tax year 2025, the standard deduction is $3,350 for single filers, dependent filers, and married individuals filing separately and $6,700 for joint filers, heads of households, and qualified surviving spouses. These amounts are subject to annual cost-of-living adjustments for tax years after 2025. Legislation from the 2025 legislative session altered certain tax brackets and deductions and added a 2% surcharge on capital gains income for taxpayers with federal adjusted gross income in excess of $350,000, effective tax year 2025. A total of 37.5% of the revenue generated by the capital gains surcharge is distributed to the Transportation Trust Fund.

Each county and Baltimore City must levy a local income tax at the rate of at least 2.25% but not more than 3.30% of the individual's Maryland taxable income. An additional tax on the income of non-residents is imposed in the amount of the lowest county income tax rate in effect (equal to 2.25% for tax year 2025). There are a growing number of credits available against income taxes, including a refundable earned income credit. An accounting of available credits, in addition to other tax expenditures, is provided in the Tax Expenditure Report from the Department of Budget and Management. The latest version of the Tax Expenditure Report is publicly available on the Department of Budget and Management's website at https://dbm.maryland.gov/budget/Pages/operbudget/tax-expend-reports.aspx

Corporations (domestic and foreign), including financial institutions and utilities, pay tax on the portion of net taxable income allocable to the State. Maryland is a "separate entity" reporting state, meaning that each corporate entity files a return for its own activities. The entities are not combined to form a single economic entity or in a manner similar to a federal affiliated filing. Generally, income has been apportioned according to a three-factor apportionment formula using sales, property, and payroll, where the sales factor is double-weighted. Legislation in the 2018 legislative session phased in a single sales formula used to apportion income to the State for the corporate income tax over a five-year period beginning in tax year 2018. Beginning in tax year 2022, all corporations subject to the corporate income tax, with an exception for specified industries and worldwide headquartered companies, must allocate to Maryland modified income using an apportionment formula in which that income is multiplied by 100% of the sales factor. Manufacturing corporations already apportion their income based on sales only and certain other industries use apportionment formulas that more accurately reflect their in-state activity. Corporate taxpayers are required to add to income any payments made

for interest or intangibles to a related company and any payments made as dividends by "captive" real estate investment trusts, in order to prevent out-of-state subsidiaries from sheltering income from the Maryland corporate income tax. The corporate tax rate in effect since tax year 2008 is 8.25%.

Sales and Use Taxes. The State imposes a 6% sales and use tax on a retail sale or use of most tangible personal property in the State and certain enumerated services (including custom telephone, detective and building cleaning services, among others); however, most services are exempt. The sales and use tax rate on alcohol purchases is 9%.

As of March 14, 2021, the sales and use tax was expanded to apply to the sale, subscription or license of digital entertainment products such as streaming services and news publication and general software applications. Legislation from the 2025 legislative session added a 3.0% sales tax on data/information technology services effective fiscal year 2026. Legislation from the 2026 legislative session exempted certain entities from taxation sales of data/information services and digital entertainment products between members of an affiliated group.

Among other exemptions from the sales and use tax are sales of food for consumption off the premises by a vendor who operates a substantial grocery or market business at the same location, medicines, medical supplies and medical aids; agricultural equipment and supplies; manufacturing and research and development equipment and supplies; tangible personal property used in a production activity; residential utilities and fuel; motor vehicles and vessels subject to excise taxes; and sales to nonprofit charitable, educational or religious organizations to enable the organizations to carry on their exempt activities.

Property Taxes. Generally, all real property in the State is assessed at full cash value once every three years, with any increase in full cash value arising from the assessment phased in over the ensuing three taxable years in equal installments. Any decrease in the full cash value is recognized in full in the next taxable year and held constant for the remaining two taxable years. Certain farm, marshland, woodland, country club, and planned development property are assessed under special valuation techniques, while public utility property is assessed at fair market value determined by reference to both income and property values.

The State imposes a tax at a rate expressed per $100 of assessed value on all real property subject to taxation. The State property tax rate, except for utilities, was set at 11.2 cents in 2007 and has been maintained at that constant level. Properties exempt from the State property tax include public property and property owned by certain nonprofit organizations for their designated purposes. The Homestead Property Tax Credit limits to 10% the maximum annual increase in assessments for owner-occupied principal residences that are subject to the State property tax. Revenues from the State property tax are credited to the Annuity Bond Fund and used to service general obligation debt.

Each of the counties and Baltimore City levies its own property tax at rates established by them, as do most incorporated municipalities. Tangible personal property and commercial and manufacturing inventory of businesses are assessed at fair market value determined from annual reports filed with the State Department of Assessments and Taxation. There is no State personal property tax, but 19 counties levy a tax on business personal property. See also, APPENDIX A - "STATE DEMOGRAPHIC AND ECONOMIC DATA –Residential Real Estate."

Lottery Revenues. The State currently operates lottery games including FastPlay instant games, draw games including three- and four-digit games, a five-digit game, and Cash Pop; a five-number Maryland-only lotto-type game (Bonus Match 5); an 18-number, three-line lotto-type game (Multi Match); two multi-state lotto-type games (Mega Millions and Powerball); Keno and Racetrax, both terminal games; and various instant ticket games. The State evaluates each game's performance and alters its gaming product to match market demand. Lottery tickets are sold by licensed agents under the supervision of the Maryland Lottery and Gaming Control Agency. In fiscal year 2025, the allocation of gross sales was 63.4% to prizes, 11.3% to administrative costs and agents' commissions, and 25.3% to State revenues. Except for administrative costs and specified distributions, the State revenues are credited to the General Fund.

Casino Gaming Revenues. The Maryland Constitution permits a maximum of 16,500 video lottery terminals ("VLT") at six locations, in Cecil County, Worcester County, Anne Arundel County, Allegany County, Baltimore City, and Prince George's County. Video lottery operation licensees are authorized to operate table games. The distributive share of VLT revenues to the Education Trust Fund ("ETF") varies by casino and by year. For fiscal year 2025, 37.9% of VLT revenue was distributed to the ETF. For table games, the distribution of revenues is 80.0% to the video lottery operation licensee, 15.0% to the ETF, and 5.0% for grants to impacted local governments.

In addition, the expanded gaming legislation contained certain provisions not subject to referendum, including: the issuance of licenses to qualifying veterans' organizations in certain counties for instant ticket lottery machines; and transitioning VLT ownership from the State to VLT licensees. Under State law, VLT licensees who pay out more money than was bet through VLTs or table games on a given day can subtract the loss from the proceeds of the following day. The Maryland Constitution requires that revenues from VLT operation and other commercial gaming be dedicated as supplemental funding (above statutory minimums) for pre-K through 12 public education.

The revenue will be used for the following purposes:

Education Trust Fund: To provide funding for public elementary and secondary education, through continuation of the funding and formulas established under the Blueprint for Maryland's Future Act and school construction to certain jurisdictions under the Built to Learn Act.

Facility License Owners: To reimburse the owners of the casino gaming facilities for operation of the facilities.

Racing Purses/Bred Funds: To supplement funding for racing purses and to assist the horse breeding industry.

Local Impact Grants: To provide assistance to local governments to be used for improvements primarily in the communities near the video lottery facilities.

Racetrack Renewal: To make funds available for capital construction and improvements to the holders of a racetrack license.

Lottery Operations: To reimburse the State Lottery and Gaming Control Commission for the costs of regulating the operation of casino gaming in Maryland.

Small, Minority, and Women-Owned Businesses: To provide loans to small, minority, and women-owned businesses located in targeted areas surrounding casinos.

Sports Wagering. Sports wagering proceeds are taxed and a portion is distributed for deposit into the Blueprint Fund and the State General Fund. Blueprint fund distributions totaled $37.8 million in fiscal year 2023, $61.3 million in fiscal year 2024, and $90.0 million in fiscal year 2025, and are projected to total $87.3 million in fiscal year 2026 and $92.7 million in fiscal year 2027.

Public Service Company Franchise Taxes. The State imposes a franchise tax at the rate of 2% on gross receipts from operations of public service companies engaged in the telephone business or in the transmission, distribution or delivery of electricity or natural gas in Maryland. In addition, a franchise tax of 0.062 cents for each kilowatt hour of electricity delivered for final consumption in Maryland, and of 0.402 cents for each therm of natural gas delivered for final consumption in Maryland, is imposed on each public service company engaged in the transmission, distribution or delivery of electricity or natural gas in Maryland. Public service companies subject to the tax on kilowatt hours of electricity and therms of natural gas are entitled to credits with respect to deliveries of such products to certain industrial customers.

Insurance Taxes. Insurance companies, including health maintenance organizations, are taxed at the rate of 2% on all new and renewal gross direct premiums (after certain deductions) allocable to the State.

Motor Vehicle Fuel and Titling Taxes and Registration Fees. The State imposes a per gallon excise tax at the wholesale level. In the 2013 Legislative Session, the static excise tax rates for gasoline and special fuel were replaced by a two-part rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years.

The first component is an annual adjustment on each July 1st. The base rates are indexed to the Consumer Price Index, compounding with each adjustment, and the annual increase may not be greater than 8%. The second component is the product of multiplying 5% by the prior year's average daily retail price (less federal and State motor fuel excise taxes) for regular gasoline. The effective rates, beginning July 1, 2026, are 46.60 cents, 47.45 cents, and 7.00 cents for gasoline, special fuels, and aviation fuels respectively.

There is an excise tax imposed upon the issuance of original and subsequent certificates of title to motor vehicles, with an allowance for 100% of the value of a trade-in. Legislation from the 2025 legislative session raised the excise tax rate from 6.0% to 6.5% of the fair market value of the vehicle, effective fiscal year 2026. Rental vehicles are subject to an excise tax of 3.5% of the fair market value of the vehicle on the issuance of an original or subsequent certificate of title for a vehicle. Prior to the 2025 Legislative Session, rental vehicles were exempt from the imposition of excise tax. The State requires a registration fee on all motor vehicles depending on size (weight) and type of vehicle. The registration fee for specific vehicle classes was increased by $30 in the 2025 Legislative Session. Prior to 2025, rental vehicles paid a discounted fee based on the class and weight of the vehicle. During the 2025 Legislative Session, the discount on rental vehicles was repealed, and rental vehicles now pay the full registration fee based on the class and weight of the vehicle. Historically, registration fees were generally imposed for two years at the time of titling, or at the time registration is renewed. Due to registration fee increases, a one-year registration period is now permitted, coupled with a six-month payment plan option for those that select the one-year registration period option.

Tobacco Taxes. The State currently imposes a tax at the rate of $5.00 per pack of 20 cigarettes (up from $3.75 following 2024 legislation), 70% of the wholesale price for cigars other than premium cigars, 30% of the wholesale price for pipe tobacco, and 15% of the wholesale price for premium cigars. Additionally, the sales tax on e-cigarettes is 20% (up from 12% following 2024 legislation), and the tax on other non-cigar tobacco products is 60% of wholesale price from (up from 53% following 2024 legislation). Beginning in fiscal year 2025, a portion of tobacco tax revenue is allocated to the Blueprint Fund. The allocated portion in fiscal year 2025 was $88.3 million. In fiscal years 2026 and 2027, the allocated portion of the tobacco tax revenue is set at 32.6% and 33.2%, respectively, and for fiscal year 2028 and beyond is set at 16.2%.

Estate and Inheritance Taxes. The State's inheritance tax rate is 10% (bequests to direct relations and siblings are exempt). The State also imposes an estate tax and a generation-skipping transfer tax. These taxes were initially designed to capture the maximum revenue possible without imposing an additional tax burden on estates through credit against the federal taxes. For State estate tax purposes, for decedents dying after 2018, the unified credit is $1,945,800, which effectively exempts $5.0 million from the estate tax. Chapter 713 of 2023 altered the time within which a surviving spouse of a decedent could file a Maryland estate tax return for the sole purpose of electing portability from two years after the date of the predeceased spouse's death to five years after the date of death. This change was applied retroactively to decedents dying on or after January 1, 2019.

Alcoholic Beverage Taxes. There is a tax at the rate of $1.50 per gallon on all alcoholic beverages, except beer and wine, sold or delivered by a manufacturer or wholesaler to any retail dealer in the State. Taxes at the rates of 40 cents per gallon of wine and 9 cents per gallon of beer are imposed on the sale or delivery of those beverages by a manufacturer to a wholesale or retail dealer in the State. In addition, the sales and use tax rate on retail alcoholic purchases is 9%.

Bay Restoration Fee. Most users of sewerage and septic systems in the State are charged a mandatory fee of $60 per year. Revenues from users of sewerage and septic systems are pledged, to the extent necessary, as security for Bay Restoration Revenue Bonds issued by the Maryland Water Infrastructure Financing Administration, the proceeds of which are applied primarily to provide grant funds to upgrade wastewater treatment plants with enhanced nutrient removal technology.

Cannabis Taxes. Following the legalization of cannabis for adult use by voters, the General Assembly imposed a 9% sales and use tax rate on cannabis sales in the State. The cannabis sales and use tax rate increased to 12% at the beginning of fiscal year 2026. Additionally, during the 2025 legislative session, revenue distributions were altered so that 25% of sales and tax revenue is automatically distributed to the General Fund. Of the remaining 75% of revenue, after administrative distributions are made, 50% is distributed to special funds, and the remaining 50% of revenue is distributed to the General Fund.

Other Revenues. Exclusive of the proceeds of bond issues, approximately 48.7% of State revenues in fiscal year 2025 were received from sources other than taxes and lottery receipts. The largest component (31.4% of total revenues) was received from the federal government for highway and transit reimbursements; reimbursements and grants for health care programs; categorical and matching aid for public assistance, social services, and employment security; aid for public education; and miscellaneous grants-in-aid to State agencies. In addition to federal funds, the State receives revenues from court fines and costs; patient payments for services in State hospitals; interest on invested funds; and tuition fees paid to institutions of higher education. The State also receives revenues from operations of the Maryland

Transit Administration, the Maryland Port Administration, and the Maryland Aviation Administration, which are paid into the Transportation Trust Fund.

Revenue Estimates. The State's revenue estimates are based upon projections by the Board of Revenue Estimates, composed of the Comptroller, the Treasurer, and the Secretary of Budget and Management. The Board studies the findings and recommendations of the Bureau of Revenue Estimates, a statutory State agency administratively under the Comptroller, that reviews the findings and recommendations of other agencies responsible for economic monitoring and revenue administration and reports the estimates of revenue to the Governor for submission to the General Assembly in connection with the budget.

Each December, the Board of Revenue Estimates (BRE) presents revised revenue estimates for the current fiscal year (based upon current economic factors and legislative changes), and revenue estimates for the next succeeding fiscal year, upon which that fiscal year's budget is based. The revised estimate for the current year is made seven months before the end of that fiscal year, while the budget estimate for the next succeeding fiscal year is made 19 months before the end of that fiscal year. The estimates are reviewed in March, prior to final action on the budget by the General Assembly, and any appropriate adjustments to the estimates are made at that time.

The following table shows the accuracy of General Fund revenue estimates compared to actual collections for fiscal years 2021 through 2025:

Historic General Fund Revenue Estimates and Actual Collections
($ in millions)

Fiscal	Actual	Original Estimate		Final Estimate	
Year	Collections	Amount	%[(a)]	Amount	%[(a)]
2021	$20,831.0	$19,172.9	108.6%	$19,119.8	108.9%
2022	24,044.5	19,808.2	121.4	22,474.3	107.0
2023	23,672.7	22,789.0	103.9	23,711.9	99.8
2024……	24,862.8	25,089.9	99.1	24,645.6	100.9
2025……	25,715.7	24,918.7	103.2	25,195.0	102.1

(a) Actual collections as a percentage of estimates.

State Property Tax Revenue Estimates

Receipts from the State property tax are credited to an account known as the Annuity Bond Fund. The Annuity Bond Fund is devoted to debt service on general obligation bonds. Following the end of each regular Legislative Session, the Board of Public Works is required annually to fix the property tax rate by May 1 in an amount sufficient to pay all debt service for the ensuing fiscal year on general obligation bonds after taking account of the amounts and sources of funds provided in the budget for next fiscal year. The Commission on State Debt (consisting of the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, the Director of the State Department of Assessments and Taxation, and one individual appointed by the Governor and not otherwise affiliated with State government) makes an original estimate approximately three months before the fiscal year to which the property tax rate will apply and a revised estimate approximately nine months after the start of the fiscal year. The following table portrays the accuracy of estimates of State property tax revenue in fiscal years 2021 through 2025. To date, it is unknown what the impact of the current economic climate will be on property assessments and tax revenue.

State Property Tax Revenue Estimates
($ in millions)

Fiscal Year	Property Tax Rate[a]	Actual Collections	Original Estimate		Final Estimate	
			Amount	%[b]	Amount	%[b]
2021.....	11.2	$892.2	$885.3	100.8%	$890.7	100.2%
2022.....	11.2	919.2	914.3	100.5	908.6	101.2
2023.....	11.2	943.5	938.0	100.6	985.4	95.7
2024.....	11.2	985.3	1,013.4	97.2	998.6	98.7
2025.....	11.2	1,041.5	1,059.0	98.3	1,049.7	99.2

(a) The property tax rate is in cents per $100 of assessed valuation.
(b) Actual collections as a percentage of estimates.

State Expenditures and Services

State expenditures and services for capital and operating programs include a typical range of direct governmental services and activities, as well as State support and aid to local governmental units, primarily in the area of education. The following figures reflect the enacted fiscal year 2027 budget.

Public Education. The agencies administering public education spend the largest portion of State revenue. In the fiscal year 2027 budget, public education accounts for 41.1% of General Fund appropriations and 31.7% of all appropriations.

Elementary and Secondary Education. The school boards of the 23 counties and Baltimore City are responsible for much of the administration of public elementary and secondary schools, including charter schools. There are no special, separate school districts in Maryland. The State supports the elementary and secondary education programs of the counties and Baltimore City through a number of aid programs. The major programs are described as follows: (1) under a formula equalized for ability to pay and based on wealth and enrollment factors, the State distributes aid to the local school systems for current expenses; (2) for personnel in local public schools, the State pays directly its share of the employer's portion of the State Retirement and Pension System contributions; and (3) the State also distributes aid based on the number of students receiving free or reduced price meals, under various components of the Students with Disabilities Aid Program, and for pupil transportation. In addition to these major programs, the State Department of Education provides aid for food service, and other various educational programs.

Higher Education. The public higher education system consists of the University System of Maryland, Morgan State University, St. Mary's College of Maryland, Baltimore City Community College and 15 community colleges, each governed by its own board.

The Maryland Higher Education Commission is responsible for developing a statewide plan for higher education, approving mission statements, setting funding guidelines and administering State aid to local community colleges, aid to private colleges and universities, and student financial aid programs.

The State finances the State universities and colleges principally with State General Fund revenues. In addition, the State finances a share of the cost of the locally owned two-year community colleges. State financial assistance is primarily in the form of general purpose formula grants. The State also makes grants to eligible private institutions of higher education under a formula based on State support for State four-year universities and colleges. The higher education share of the fiscal year 2027 budget is 12.2%.

The following table presents the trends of enrollment (expressed in full-time equivalent students) at the State universities and colleges and the local community colleges for the fiscal years shown.

Enrollment (full-time equivalent students)
in State Universities and Colleges

Fiscal Year	State Four-Year Institutions	Community Colleges	Total
2021	138,915	76,480	215,395
2022	134,881	71,365	206,246
2023	135,887	73,871	209,758
2024	133,924	77,337	211,261
2025	138,842	77,792	216,634

Health. The Department of Health works to promote and improve public health of Marylanders and provides direct services through five health facilities and six hospitals, finances medical services to indigent persons, and aids local health departments on a matching formula basis. In the fiscal year 2027 budget, health accounts for 32.8% of General Fund appropriations and 34.1% of all appropriations.

The Department's largest expenditure is for the medical assistance (Medicaid) program under which the State makes payments to vendors providing health services to eligible low-income individuals and families. For fiscal year 2027, the enacted budget provides for roughly 1.5 million Medical Assistance and MCHP enrollees and funding of more than $13.7 billion. The fiscal year 2027 budget assumes that the State match on most Medicaid spending will be 50.0%.

The hospitals operated by the Department of Health provide care for individuals with behavioral health conditions, developmental disabilities, and chronic illnesses. In recent years, the State has expanded programs to provide services within the community as an alternative to institutionalization in State facilities.

Transportation. The Department of Transportation is responsible for most of the State's various transportation facilities and for developing and maintaining a State master plan for transportation. It administers the State highway system; operates a mass transit system in the Baltimore region; assists mass transit in the Washington, D.C. region; operates and assists commuter rail systems and certain critical freight railroads; operates two airports, including Baltimore/Washington International Thurgood Marshall Airport ("BWI Marshall Airport"); operates State-owned port facilities, primarily in Baltimore Harbor; and administers the licensing and regulation of motor vehicle drivers and dealers, as well as motor vehicles. For the fiscal year 2027 budget, the non-capital transportation budget totals $3.1 billion. See "STATE FINANCES – Transportation Trust Fund" with respect to the principal revenues and expenditures related to the Department of Transportation.

The Maryland Transportation Authority ("MDTA"), of which the Secretary of Transportation is Chairman, is responsible for the administration of the various toll revenue facilities, which consist of bridges over the Susquehanna, Patapsco, and Potomac Rivers and the Chesapeake Bay; two tunnels under the Baltimore Harbor; the John F. Kennedy Memorial Highway (including the Interstate 95 Express Toll Lanes); the Intercounty Connector; and other transportation facilities. The MDTA's financial transactions are accounted for in a separate special revenue fund and are not included in the Transportation Trust Fund. See APPENDIX A - "STATE FINANCES – Impact of Francis Scott Key Bridge Collapse."

Human Services. The Department of Human Services administers State and federal programs relating to child welfare, foster care, public assistance, family investment services, adult services, energy assistance, legal services, child support enforcement, and work opportunity assistance for adults receiving public assistance. For fiscal year 2027, the Department of Human Services' budget is approximately $3.7 billion, including $1.0 billion in State general funds.

Public assistance programs include Temporary Cash Assistance ("TCA"), Supplemental Nutrition Assistance Program ("SNAP"), assistance to citizens with disabilities, and several emergency assistance programs. The largest categories of public assistance programs are SNAP benefits, which are 100% federal funds, and TCA, in which the State/federal government shares vary depending upon the areas to which the State directs its maintenance of effort in addition to an annual federal block grant. The Department of Human Services also provides a broad range of social services to the indigent and other eligible persons under both Federal-State and State-only programs.

Public Safety and Correctional Services, State Police, and Juvenile Services. The Departments of Public Safety and Correctional Services, State Police, and Juvenile Services, include correctional agencies and institutions,

parole units, the Maryland State Police, services and facilities for adjudicated youth, and related activities. For fiscal year 2026, approximately $2.9 billion is budgeted for these departments, of which $2.6 billion is from State general funds. For fiscal year 2027, approximately $3.0 billion is in the budget for these departments, of which $2.6 billion is from State general funds.

Capital Funding. For fiscal year 2027, $2.8 billion is budgeted for capital projects, of which $107.7 million is general funds representing approximately 0.4% of the general fund budget. See APPENDIX A - "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Capital Programs" for more information on budgeted capital expenditures.

Other Expenditures and Services. The State has numerous other operating units, including the judicial system; financial and revenue administration; labor; planning, budgetary activity and personnel administration; natural resources and recreation; housing and community development; commerce; environment; and others, all of which account for approximately 12.2% of fiscal year 2027 total expenditures (12.1% of the fiscal year 2027 General Fund Budget). In addition, debt service accounts for 2.7% of the enacted total expenditures and 0.6% of the General Fund Budget.

State Reserve Fund

The State Reserve Fund is currently composed of four accounts: the Revenue Stabilization Account, which is established to retain State revenues for future needs and to reduce the need for future tax increases; the Dedicated Purpose Account, which is established to retain appropriations for major multi-year expenditures and to meet contingency requirements; the Economic Development Opportunities Program Account, which is to be used for extraordinary economic development opportunities as a supplement to existing programs; and the Catastrophic Event Account, which is to be used to respond quickly to a natural disaster or other catastrophic event that cannot be managed within existing appropriations. All interest earned on the State Reserve Fund is credited to the Revenue Stabilization Account.

The Governor is required to include in each annual budget bill an appropriation of $100.0 million if the balance in the Revenue Stabilization Account is less than 3.0% of estimated General Fund revenues. If the balance in the Account is at least 3.0% of estimated General Fund revenues but less than 7.5% of estimated General Fund revenues, the Governor is required to include an appropriation to the Account of $50.0 million or the amount necessary to bring the balance of the Account to above 7.5%, whichever is less. Additionally, it is the State's general management practice to maintain at least 5.0% of estimated General Fund revenues in the State Reserve Fund, though recent practice has maintained 8%, and any transfer that would result in a balance below 5.0% must be authorized by legislation separate from the State's annual budget bill. Maryland law defines estimated General Fund revenues as those stated in the annual report of the Board of Revenue Estimates submitted to the Governor.

The State has enacted legislation to address the volatility inherent to revenue estimates. The legislation was the result of recommendations made by a workgroup made up of experts from both the Legislative and Executive branches of State government. It requires that the Revenue Stabilization Account receive a share of nonwithholding General Fund revenues above the 10-year average of nonwithholding revenues' share of total General Fund, subject to certain caps in certain years. In years when nonwithholding income exceeds the 10-year average, revenues allocable to the General Fund are reduced. During the 2025 Session, legislation was enacted that eliminates, from fiscal year 2026 to fiscal year 2029, the requirement that a certain amount of projected nonwithholding income tax revenue must be subtracted from the projected general fund revenue estimate, under certain circumstances.

At the end of the fiscal year, excess funds are first used to offset any General Fund revenue shortfall. If there is no shortfall, the Comptroller is required to credit excess funds to the Revenue Stabilization Account if that fund's balance is less than 6% of estimated general fund revenues. Once the Revenue Stabilization Account balance reaches 6% of estimated General Fund revenues, 50% of any excess funds are credited to the Revenue Stabilization Account (until the balance equals at least 10% of estimated General Fund revenues), and the other 50% is credited to the Fiscal Responsibility Fund, which the Governor must use to provide pay-as-you-go ("PAYGO") appropriations for public school, community college, and four-year higher education projects. If the Revenue Stabilization Account balance exceeds 10% of estimated general fund revenues, all excess funds are credited to the Fiscal Responsibility Fund.

Fiscal year 2022 was the first year in which revenues were transferred to these funds pursuant to the requirements of the revenue volatility cap. A total of $500 million was credited to the Revenue Stabilization Account and $310 million was added to the Fiscal Responsibility Fund for new education capital projects. Money was also

transferred to the funds in fiscal years 2024 and 2025. In fiscal year 2026, $191.2 million was transferred to the Revenue Stabilization Account and $191.2 million was transferred to the Fiscal Responsibility Fund. However, fiscal year 2027 budget action depletes the Fiscal Responsibility Fund by either transferring balance to the General Fund or utilizing the Fund to support Major Information Technology projections.

Withdrawals that do not result in the Revenue Stabilization Account balance falling below 5% of estimated General Fund revenues may be authorized in the State budget. Withdrawals that result in a Revenue Stabilization Account balance below 5% of estimated General Fund revenues must be authorized by an act of the General Assembly other than the State budget.

The Maryland General Assembly authorized two uses of the Revenue Stabilization Account during the 2024 Legislative Session. First, the fiscal year 2025 budget bill included language authorizing the transfer of up to $90 million in fiscal year 2024 and $134 million in fiscal year 2025 out of the Revenue Stabilization Account to cover potential funding shortfalls in entitlement programs, but without exceeding the amount of $199 million across both fiscal years. The full $90 million authorized for fiscal 2024 was utilized, and $100 million in fiscal 2025 was transferred to the General Fund to support entitlement programs.

Legislation enacted during the 2025 General Assembly Session would authorize the transfer of sufficient funds from the Revenue Stabilization Account of the State Reserve Fund to the Annuity Bond Fund to ensure that sufficient funds are available to make debt service payments through the end of fiscal year 2026 if premium and refunding savings assumptions are not met in light of uncertain financial market conditions.

The following table presents the balances of the State Reserve Fund for the fiscal years ended June 30, 2023 through June 30, 2025, and the estimates for the fiscal years ending on June 30, 2026, and June 30, 2027.

State Reserve Fund
Fiscal Years 2023-2027
($ in millions)

Balance at Fiscal Year End

Fiscal Year	Revenue Stabilization Account	Other Accounts	Total State Reserve Fund[a]	Revenue Stabilization Account as a % of General Fund Revenue
2023	$2,957.6	$511.5	$3,469.1	12.5%
2024	2,410.7	472.0	2,882.7	9.7
2025	2,380.0	150.9	2,530.9	9.3
2026 (estimate)[b]	2,141.0	30.0	2,171.0	8.0
2027 (estimate)[b]	2,156.0	10.6	2,181.9	8.0

(a) Totals may not add due to rounding.
(b) The fiscal year 2026 and 2027 estimates are based on the Board of Revenue Estimate's December 2025 estimates.

Fiscal Year 2021-2025 GAAP General Fund Results of Operations

The GAAP General Fund is that fund from which all general costs of State government are paid and to which taxes and other revenues not specifically directed by law to be deposited in separate funds are recorded in accordance with Generally Accepted Accounting Principles ("GAAP"). The following table presents the comparative statement of revenues, expenditures, and changes in fund balances in the GAAP General Fund for fiscal years ended June 30, 2021 through 2025.

GAAP General Fund Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years 2021-2025
($ in thousands)

	2021	2022	2023	2024	2025
Revenues[(a)]:					
Income taxes	$13,481,354	$16,909,762	$15,202,834	$16,720,294	$15,870,683
Sales and use taxes	5,458,775	6,639,153	6,790,832	6,853,984	7,079,006
Other taxes	1,917,364	2,183,202	2,096,500	1,983,478	2,168,804
Other licenses and fees	610,146	880,413	854,077	1,087,751	1,192,842
Charges for services	2,424,495	2,494,072	1,330,444	2,118,949	3,099,109
Interest and other investment income	16,798	(275,992)	361,663	1,023,610	669,250
Federal revenue	17,203,693	21,334,631	19,127,044	18,650,721	18,248,613
Other	1,488,299	749,793	1,137,812	1,052,420	360,710
Total revenues	$42,600,925	$50,540,136	$46,901,207	$49,491,208	$48,689,018
Expenditures[(a)]:					
General government	$2,116,706	$1,955,728	$2,635,649	$3,630,813	$3,317,611
Health	17,412,157	18,887,299	20,094,418	20,012,535	22,438,774
Education	11,083,985	13,076,315	14,182,357	15,076,685	15,725,763
Human Services	4,015,730	4,523,669	3,855,235	3,505,499	3,683,357
Public Safety	2,568,167	2,170,739	2,414,929	2,636,413	2,716,969
Judicial	916,262	893,343	977,999	1,071,966	1,141,262
Labor, licensing and regulation	517,926	1,80,476	545,680	583,369	575,223
Natural resources and recreation	400,215	427,397	542,913	726,907	474,138
Housing and community development	1,058,392	1,541,236	89,673	775,519	1,481,651
Environment	99,859	124,807	160,985	158,368	156,037
Agriculture	118,016	130,257	119,884	173,042	172,296
Commerce	173,232	76,076	291,990	293,825	193,558
Intergovernmental	302,296	303,339	434,930	271,055	217,456
Capital outlays	31,000	153,415	124,162	235,916	73,202
Total expenditures	$40,813,944	$45,744,096	$46,470,804	$49,151,909	$52,367,297
Excess (deficiency) of revenues over expenditures	$1,786,981	$4,796,040	$430,403	$339,299	$(3,678,279)
Other sources (uses) of financial resources:					
Financing agreement issuance	$-	$4,843	$6,096	$5,070	$2,929
Other financing source – SBITA and leases	-	-	124,162	261,991	73,202
Transfers in	1,442,348	1,549,708	1,694,072	1,669,141	1,711,754
Transfers out	(718,584)	(1,096,802)	(1,767,621)	(1,867,118)	(1,009,385)
Total other sources (uses) of financial resources	$723,764	$457,749	$56,709	$69,084	$778,500
Net change in fund balances	$2,510,745	$5,253,790	$487,112	$408,383	$(2,899,779)
Fund balances at the beginning of the year	3,019,766	5,530,511	10,773,717	11,260,828	11,669,211
Fund balances, June 30	$5,530.511	$10,784,301	$11,260,828	$11,669,211	$8,769,432
Fund balance as % of revenues	13.0%	21.0%	24.0%	24.0%	18.0%

(a) The budgetary system's principal departures from the modified accrual basis, i.e. GAAP, are with the classification of the State's budgetary funds and the timing of certain revenues and expenditures. See APPENDIX A – "FINANCIAL AND ACCOUNTING SYSTEM – Financial Statements."

General Fund 2027 Budget

2027 Budget. The General Assembly enacted the fiscal year 2027 budget (the "2027 Budget") on March 31, 2026, and the Governor signed it into law on April 8, 2026. The 2027 Budget includes $27.8 billion in general fund spending, which represents a decline of $91.1 million from the final 2026 budget. The three largest categories of general fund expenditures are: (1) public education, including K-12 and higher education; (2) support for public health programs, including medical assistance; and (3) other expenditures and services.

Per the Maryland Constitution, the Governor submitted a balanced budget to the General Assembly on the third Wednesday in January 2026. The Governor's proposed fiscal 2027 budget balanced a projected $1.6 billion cash deficit through a combination of significant spending reductions (approximately $1.2 billion), targeted revenue adjustments (approximately $266 million), and fund transfers (approximately $162 million). The Budget Reconciliation and Financing Act (BRFA), as introduced by the Governor, included key revenue measures such as transfers from the Strategic Energy Investment Fund (SEIF) and the Local Income Tax Reserve Account, as well as tax policy changes related to federal decoupling provisions. It also authorized approximately $583 million in fund transfers and nearly $593 million in contingent general fund reductions, including eliminating the fiscal 2027 Revenue Stabilization Account appropriation and modifying education and retirement cost-sharing formulas.

The General Assembly made certain modifications to the budget prior to enactment, such as increasing funding in select areas and modifying or reducing proposed cost-containment measures. The General Assembly also adopted a mix of technical and policy adjustments through the BRFA, including changes to fund transfers, revenue assumptions, and contingent reductions to ensure budget balance.

As a result of these actions, the State is now projected to close fiscal year 2027 with a General Fund balance of $201 million and a Revenue Stabilization Account balance of $2.2 billion. This results in total cash resources of more than $2.4 billion, which is more than 8.7% of estimated fiscal year 2027 General Fund revenues.

General Fund Outlook

As with all future projections, the information in this section is based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future as new information becomes available. The Department of Legislative Services (DLS) forecasts that the actions taken at the 2026 legislative session will result in a structural budget shortfall of $598.0 million in fiscal year 2027. DLS also projects a slight improvement in the long-term outlook by reducing the projected shortfall for fiscal year 2028 from $2.7 billion to $2.6 billion and cutting the shortfall forecast for fiscal year 2030 by approximately 8% from $3.7 billion to $3.4 billion. The structural gap grows substantially beginning in fiscal 2028 as the Blueprint costs exceed the available Blueprint revenues and nearly $2.6 billion of general funds are required to close the overall structural gap. Under the Maryland Constitution, the Governor must submit, and the Legislature must enact a balanced budget.

General Fund Revenues and Appropriations and General Fund Balance — Budgetary Basis
Fiscal Years 2025-2027
($ in millions)

	FY 2025 Actual	FY 2026 Est.[a][b]	FY 2027 Est.[a]
Balance Beginning of Year	$1,060	$271	$753
General Fund Revenues			
Income Taxes	$16,442	$17,268	$17,546
Sales and Use Taxes	6,049	6,430	6,630
Lottery	519	543	475
Franchise, Excise, Licenses and Fees	2,706	2,853	2,352
Transfer - Revenue Stabilization	346	326	43
Transfer - Other Funds	793	909	77
Reimbursement - Tax Credits	32	45	53
Other Changes to Revenue from Legislation	-	(7)	93
Adjustments / Extraordinary Items	(382)	53	25
Total[c]	$26,505	$28,420	$27,294
General Fund Appropriations			
Public Education	$11,339	$11,396	$11,454
Human Service	959	1,049	1,036
Health	8,792	9,423	9,121
Transportation	197	1.1	3
Public Safety, State Police, Juvenile Services	2,551	2,599	2,648
Capital Funding	146	115	109
State Reserve Funds	3	79.5	23
Debt Service	397	155	178
Administrative and Other	3,049	3,250	3,375
Prior Year Adjustments / Reversions	(138)	(129)	(100)
Total[c]	$27,295	$27,937	$27,847
Balance End of Year[c]	$271	$753	$201

(a) Fund balance does not include amounts reserved for the State Reserve Fund or encumbrances. See "STATE FINANCES – State Reserve Fund."
(b) Appropriations include deficiency appropriations in the enacted fiscal year 2026 budget and targeted reversions in the enacted fiscal year 2026 and 2027 budget. Fiscal year 2026 total for Capital Funding does not include $1.2 million deficiency appropriation for Canal Place Preservation and Development Authority.
(c) Totals may not add due to rounding.

Interim General Fund Revenues and Expenditures

The State does not issue, nor does it have procedures in effect that provide interim financial statements; however, the Office of the Comptroller has compiled the following summary data with respect to the revenues and expenditures of the General Fund for the twelve months ended June 30, fiscal year 2025 and fiscal year 2026. Reported financial results for the twelve month period do not represent final totals for the fiscal year, as the State utilizes a thirteenth month accrual period following the close of the calendar fiscal year to recognize revenues collectible within the availability period and record expenditures rendered prior to fiscal year-end. Final audited financial statements will reflect these additional accrual adjustments and may differ.

The General Fund is the fund from which all general costs of State government are paid and to which taxes and other revenues not specifically directed by law to be deposited in separate funds are recorded. Approximately 40.5% of revenues were accounted for in the General Fund in fiscal year 2025, and it is currently estimated that the General Fund will account for 39.1% of all revenues in fiscal year 2026. The presentation of this data does not purport to be, and should not be construed as, an interim Statement of General Fund Revenues, Expenditures, and Surplus; however, adjustments have been made to present the revenues on a basis reasonably comparable to the table of operating revenues included in the section "STATE FINANCES – State Revenues" presented elsewhere in this Official Statement.

General Fund Revenues. The following presents a summary of General Fund revenues on a budgetary basis by major categories for the twelve months ended the last day of June, 2025 and 2026.

Fiscal Year to Date General Fund Revenues
($ in millions)

	Twelve Months Ended the Last Day of June			
	Fiscal Year 2025		Fiscal Year 2026[e]	
	Amount	% of FY Actual Revenues[a]	Amount	% of FY Estimated Revenues[a]
Income Taxes[b]	$15,702.3	96.9%	$16,869.5	97.7%
Sales and Use Taxes[b]	5,472.3	91.5	5,807.3	90.3
Property, Franchise, Excise Taxes	1,715.8	104.3	2,002.7	98.9
Sundry Fees, Licenses, Charges, Etc.	1,004.8	76.8	1,053.2	75.5
Federal[c]	6.2	7.4	6.4	7.9
Totals[d]	$23,901.4	95.1%	$25,739.0	94.9%

(a) For the first twelve months of fiscal year 2025, represents the percentage of actual revenues for the full fiscal year; for the first twelve months of fiscal year 2026, represents the percentage of revenues as estimated by the Board of Revenues Estimates on March 11, 2026.
(b) Income taxes and sales and use taxes reflect amounts received from July through June, excluding amounts received in that period allocable to the preceding fiscal year.
(c) In previous iterations of this table, federal funds excluded revenue sourced from State Hospital Recoveries - Insurance and Sponsors. This revenue source is no longer excluded from these figures. These revenues typically represented approximately $2 million for the first twelve months of the fiscal year.
(d) Totals may not add due to rounding.
(e) Figures reflect preliminary, unaudited data and do not include year-end accrual adjustments.

General Fund Expenditures. The following presents a summary of General Fund expenditures on a budgetary basis by major category for the twelve months ended June 30, 2025 and 2026.

General Fund Expenditures
($ in millions)

	Twelve Months Ended June 30[a]			
	Fiscal Year 2025		Fiscal Year 2026[f]	
	Amount	% of FY Actual Expenditures[b]	Amount	% of FY Budget Expenditures[c]
Public Education	$11,118.6	99.8%	$11,210.0	98.8%
Human Services	1,003.7	105.5	1,027.1	98.6
Public Health	8,395.9	95.4	8,915.4	94.1
Public Safety	2,505.0	98.4	2,590.8	98.0
Administrative & Other	3,316.0	98.2	2,971.6	89.7
Capital Funding	-	-	-	-
State Reserve Fund	150.5	98.7	42.5	44.5
Debt Service[d]	397.1	100.0	54.7	100.0
Totals[e]	$26,706.9	98.3%	$26,912.3	95.9%

(a) The State's accounting procedures do not require recording encumbrances (i.e., commitments evidenced by purchase orders or contracts) for financial reporting purposes except at the end of each fiscal year. At June 30, 2025 and 2026, General Fund encumbrances charged to expenditures for the fiscal years ended totaled $945.3 million and $944.9 million, respectively. The Office of the Comptroller has no reason to believe that the current patterns of commitments are not in conformity with historical practices.
(b) Represents the percentage of actual expenditures for the full fiscal year.
(c) Represents the percentage of current budget expenditures.
(d) Debt service totaling $397.1 million and $154.7 million were appropriated in the General Fund and transferred to the Annuity Bond Fund in Fiscal Years 2025 and 2026, respectively.
(e) Totals may not add due to rounding.
(f) Figures reflect preliminary, unaudited data and do not include year-end accrual adjustments.

Fiscal Year 2021-2025 General Fund Budget vs. Actual

The following statement presents a comparison of budget versus actual revenues, expenditures and encumbrances and changes in fund balance in the State's General Fund using the budgetary basis of accounting for each of the past five fiscal years ended June 30.

Statutory General Fund Comparative Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balance Budget and Actual Fiscal Years 2021 to 2025
($ in thousands)

	2021		2022		2023		2024		2025	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
Income taxes	$11,940,736	$13,166,670	$14,144,028	$15,218,313	$14,634,864	$14,485,500	$15,469,816	$15,670,642	$16,225,130	$16,441,957
Sales and use taxes	4,591,207	4,988,078	5,698,831	5,966,843	6,018,016	6,005,249	5,909,681	5,896,606	5,976,155	6,048,565
Other taxes	1,196,321	1,238,441	1,592,756	1,588,882	1,639,428	1,656,016	1,682,441	1,550,342	1,644,664	1,602,425
Licenses and fees	118,677	107,953	143,899	136,830	139,319	139,227	135,060	136,307	123,432	144,502
Charges for services	273,742	259,597	254,446	224,658	362,074	238,291	345,051	224,709	309,960	250,118
Interest and other investment income	8,800	15,241	15,000	54,729	175,000	448,637	302,430	557,394	335,000	492,505
Other	649,147	913,538	625,305	1,577,575	743,160	3,822,982	801,152	2,299,934	580,688	1,025,730
Federal Reserve	341,167	341,167	-	-	-	-	-	-	-	-
Total revenues[a]	$19,119,797	$21,030,685	$22,474,265	$24,767,830	$23,711,860	$26,795,903	$24,645,634	$26,335,934	$25,195,029	$26,005,802
Expenditures and encumbrances by major function:										
Payments of revenue to civil divisions of the State	$185,980	$185,980	$185,875	$185,875	$173,508	$173,508	$258,063	$258,063	$216,198	$216,198
Legislative	131,650	93,233	146,887	100,911	189,259	118,576	225,844	129,059	262,367	142,788
Judicial review and legal	717,415	678,638	760,490	731,042	826,875	799,766	872,759	854,568	912,288	901,034
Executive and administrative control	336,582	307,010	469,862	443,928	559,930	532,660	991,807	904,636	676,763	601,912
Financial and revenue administration	239,846	218,440	247,448	215,880	274,810	242,836	300,064	288,047	327,799	318,831
Budget and management	125,239	107,648	214,543	203,182	279,338	256,633	181,793	157,361	215,752	160,835
General services	81,662	75,267	102,532	91,295	352,189	206,805	541,915	352,284	367,878	165,708
Department of service and civic innovation	-	-	-	-	-	-	16,864	16,610	27,142	26,972
Natural resources and recreation	66,525	61,773	102,071	99,889	110,331	100,495	247,178	236,376	129,989	121,059
Transportation and highways	-	-	-	-	21,500	6,431	16,219	11,420	50,998	50,998
Agriculture	38,729	37,094	42,177	39,409	45,127	43,275	82,745	79,167	50,951	49,710
Health and hospitals	5,138,356	5,037,540	5,840,855	5,734,183	6,602,559	6,386,274	7,496,853	7,420,071	8,799,700	8,752,704
Human services	712,191	702,758	731,777	711,446	799,232	790,906	904,287	832,663	999,216	951,271
Labor, licensing and regulation	55,667	47,140	77,833	68,366	65,886	56,626	70,430	61,424	111,854	93,647
Public safety and correctional services	1,255,624	1,204,643	987,665	936,575	1,437,688	1,408,392	1,570,337	1,544,126	1,768,736	1,744,366
Public education	9,208,020	9,013,940	9,600,521	9,366,821	10,685,478	10,376,512	11,183,945	11,019,402	11,425,306	11,138,386
Housing and community development	69,026	33,079	77,417	39,715	303,461	106,374	433,135	138,952	445,826	167,807
Business and economic development	111,781	97,813	119,622	107,492	241,905	217,278	268,577	249,086	198,832	178,569
Environment	36,500	34,016	41,863	39,976	83,076	72,366	80,069	71,182	57,359	50,291
Juvenile services	253,414	242,766	263,831	244,549	296,686	291,172	326,583	322,284	344,546	343,346
State police	213,349	199,046	349,652	340,902	406,792	399,682	439,534	430,426	465,760	459,087
Loan Accounts	131,000	131,000	260,000	260,000	649,000	649,000	425,100	425,100	397,100	397,100
State reserve fund	114,000	113,540	882,919	882,919	4,205,389	3,039,178	1,393,904	1,393,904	152,500	152,500
Reversions:										
Current year reversions	(35,000)	-	(35,000)	-	(75,000)	-	(75,000)	-	(75,000)	-
Prior year reversions	-	-	-	-	-	-	-	-		-
Total expenditures and encumbrances	$19,187,556	$18,622,364	$21,470,840	$20,844,355	$28,535,058	$26,274,745	$28,253,003	$27,196,211	$28,329,858	$27,185,120
Changes in encumbrances during fiscal year	-	-	-	-	-	-	-	-	-	-
Total expenditures	$19,187,556	$18,622,364	$21,470,840	$20,844,355	$28,535,058	$26,274,745	$28,253,003	$27,196,211	$28,329,858	$27,185,120
Excess of revenues over (under) expenditures	$(67,759)	$2,408,321	$1,003,425	$3,923,475	$(4,823,158)	$521,158	$(3,607,372)	$(860,277)	$(3,134,829)	$(1,179,318)
Other sources (uses) of financial resources:										
Transfers in (out)	-	(415,128)	-	(442,158)	-	(1,374,701)	-	(1,205,622)	-	147,775
Excess of revenues over (under) expenditures and other sources of financial resources	(67,759)	1,993,193	1,003,425	3,481,317	(4,823,158)	(853,542)	(3,607,372)	(2,065,899)	(3,134,829)	(1,031,543)
Fund balances at the beginning of the year	$2,230,114	$2,230,114	$4,223,307	$4,223,307	$7,704,624	$7,704,624	$6,851,082	$6,851,082	$4,785,183	$4,785,183
Fund balances, June 30[b]	$2,162,355	$4,223,307	$5,226,736	$7,704,624	$2,881,466	$6,851,082	$3,243,710	$4,785,183	$1,650,354	$3,753,640

(a) This amount differs from the total General Fund revenues noted in the "General Fund Revenues and Appropriations – Budgetary Basis" schedule due to the different treatment of transfers, including the transfer of revenues from the State Reserve Fund.
(b) Includes balances for the State Reserve Fund and encumbrances.

Cigarette Restitution Fund

All payments received by the State related to the tobacco settlement are to be deposited into the Cigarette Restitution Fund ("CRF"), which can only be spent through appropriations in the annual State budget. At least 50% of the appropriations must be for: the reduction of tobacco use by minors; implementation of the agriculture plan adopted by the Tri-County Council for Southern Maryland; public and school education campaigns to decrease tobacco use; smoking cessation programs; enforcement of laws regarding tobacco sales; support for programs that expand access to health care for the uninsured; primary health care in rural areas and those targeted by tobacco companies; prevention, treatment, and research, including capital projects concerning cancer, heart disease, lung disease, and tobacco use and control; and substance abuse treatment and prevention programs. Thirty percent of appropriations funded by the CRF must be for the Medicaid program. The remainder of the CRF may be appropriated for any public purpose. Maryland law provides a framework for two of the primary uses of the CRF by creating and outlining two specific programs: the Tobacco Use Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program.

The special fund appropriations of the CRF are limited to the available proceeds of the tobacco settlement. In its budgetary process, the State has made various revenue assumptions; in the event the anticipated revenues or funds are less than the State expects, the appropriations cannot be fully expended. The fiscal year 2027 budget includes $40.7 million for the Medicaid program. Net expenditures from the CRF are projected to total $154.9 million in fiscal year 2027.

Opioid Restitution Fund

The Opioid Restitution Fund (ORF) was established by CH 537 during the 2019 legislative session. The ORF is a special fund to retain any revenues received by the State relating to specified opioid judgments or settlements, and it may only be used for opioid-related programs and services. In fiscal 2025, ORF received approximately $34 million from global settlement agreements with McKinsey & Company, Janssen, Walgreens, Allergen, and Teva for their roles in marketing opioids, including OxyContin. From fiscal 2026 through fiscal 2033, the State is expected to receive an additional $202 million from global settlements with opioid manufacturers and distributors. The fiscal 2027 budget includes $14.0 million for Targeted Abatement Grants. Net expenditures from the ORF are projected to total $40.2 million in fiscal 2027. The Secretary of Health must establish and administer a grant program for the distribution of funds to political subdivisions.

Local Income Tax Reserve Account

Each county and Baltimore City is required by State law to levy an income tax on individuals residing within their boundaries on the last day of the taxable year. The Comptroller collects the local income tax on behalf of the local jurisdictions. When received, local income tax revenue collected by the Comptroller becomes a liability of the State as either revenue owed to the local jurisdiction or as an income tax refund owed to individual taxpayers.

Under Maryland law, the State is required to distribute a significant portion of the local income tax collected to local jurisdictions prior to receipt of individual income tax returns. Taxpayers are permitted to file an amended return up to three years after the due date for filing of each year's income tax return. To offset amounts that will be due as refunds to individual taxpayers, the State maintains a Local Income Tax Reserve Account that is funded with local income tax receipts collected by the Comptroller and not yet distributed to the local jurisdictions. As a result of the holdback of reserve funds to provide for estimated income tax refunds to individuals, local jurisdictions do not receive the full distribution of local income tax revenue until nearly four years following the receipt of income tax payments.

Over the past 16 years, multiple bills were signed into law which impacted the balance in the Local Income Tax Reserve Account. As discussed more fully below, transfers from the fund have supported the State's General Fund, refunds due to taxpayers as the result of the U.S. Supreme Court decision in the *Maryland State Comptroller of the Treasury v. Brian Wynne* case, and COVID-19 related health care expenses during the pandemic. The Account's current balance as of June 30, 2026 is $4.7 billion, which is comprised of $3.1 billion in cash and $1.6 billion in receivables.

The level of receivables will increase by $350 million in fiscal year 2026 as a transfer from fiscal year 2010 begins to be repaid. The reimbursement will occur as a $10 million distribution from the State portion of the personal income tax through fiscal year 2060. A transfer made in fiscal year 2011 to support Medicaid expenses totaling $200 million is currently being reimbursed at $10 million a year from fiscal year 2024 through 2043 through a similar distribution.

The largest such receivable - $605 million for COVID-19 related health care expenses – was authorized by the 2021 Budget Reconciliation and Financing Act, the Maryland Department of Health and other appropriate State agencies were temporarily permitted to charge expenditures related to the response of the COVID-19 pandemic to the Local Income Tax Reserve Account. Qualified expenditures are those eligible for reimbursement from the Federal Emergency Management Agency's ("FEMA") Public Assistance process. Once reimbursement is received from FEMA, the revenue shall be used to offset eligible expenditures. Any charges against the Local Income Tax Reserve Account that are not fully reimbursed by FEMA will be reimbursed through the General Fund by the Maryland General Assembly, following a determination by FEMA to ensure the Local Income Tax Reserve Account is fully reimbursed for the temporary charges. This provision shall be in effect until FEMA has made a final determination on all expenditures that are temporarily charged. Currently, the Department of Budget and Management expects the State to be fully reimbursed but does not have a timeframe for that to occur.

The 2025 Budget Reconciliation and Financing Act authorized the transfer of funds from the Local Income Tax Reserve Account. Specifically, almost $308 million was transferred in fiscal years 2025 and 2026 to support the State's General Fund. The legislation included provisions for the repayment of these funds. The Maryland Department of Labor will repay $37.3 million within two years after contributions to the Department's Family and Medical Leave Insurance Fund begin. The remaining $270 million of the transfer to General Fund will be paid over a 10-year period beginning in fiscal year 2029 at the rate of $27.1 million a year. Prior year receivables all have repayment requirements with varying amounts and length of repayment

State Unemployment Insurance Trust Fund

The Maryland Unemployment Insurance Trust Fund (the "Fund") provides funding for unemployment benefits in the State. The Fund pays up to 26 weeks of benefits for Marylanders who lose jobs through no fault of their own**.** Extended benefits beyond the first 26 weeks are paid for by federal funds. In fiscal year 2026, the Fund has received approximately $438.3 million in annual contributions from employers while paying out approximately $484.9 million in regular, annual state unemployment benefits (excluding benefits paid entirely by the federal government). The Fund balance was $1.9 billion as of June 30, 2026.

Transportation Trust Fund

The Transportation Trust Fund ("TTF"), administered by the Department of Transportation, is the largest of the special funds and consolidates into a single fund substantially all fiscal resources dedicated to transportation (excluding the Maryland Transportation Authority) including the excise taxes on motor vehicle fuel and motor vehicle titles, a portion of the sales and use tax on short-term vehicle rentals, a portion of the corporate income tax, registration and MVA fees, federal grants, certain port, airport, and transit operating revenues, bond proceeds, and other receipts. During the 2024 legislative session, legislation was passed to add sales and use tax on electricity sold for EV charging, an electric vehicle surcharge, and Transportation Network Company impact fees as revenues sources for the TTF. During the 2025 legislative session, legislation was passed to add a new tire fee and a capital gains surcharge as revenue sources for the TTF. As of July 1, 2013, the static excise tax rates for gasoline and special fuel were replaced by a two-prong rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years. See "STATE FINANCES – State Revenues." All expenditures of the Department of Transportation are made from the TTF. In addition, the various categories of transportation bonds are serviced from the TTF, and the particular taxes and other designated revenues are both dedicated to the payment of such indebtedness and constitute the sole sources to which holders of transportation bonds legally may look for repayment.

Amounts in the TTF do not revert to the General Fund if unexpended at the end of the fiscal year; however, from time to time, the General Assembly has enacted legislation requiring that certain unpledged revenue in the TTF be delivered to the General Fund. An amendment to the State Constitution was adopted in November 2014 by a statewide referendum vote to further restrict use of the TTF funds to debt service on bonds and any lawful purpose related to the State's transportation system unless the Governor declares a fiscal emergency exists and three-fifths of all elected

members of the General Assembly concurs. Legislation also has provided for the subsequent re-transfers of such funds from the General Fund to the TTF within five years of the transfer.

The following table shows a condensed summary of the fund balances of the Department of Transportation for each of the past five fiscal years ended June 30. MDOT's negative fund balance in fiscal 2025 is primarily the result of GAAP requirements that defer recognition of federal receivables not collected within 60 days of year-end. As federal funding utilization has increased, the corresponding receivable balances have grown, resulting in a larger portion of revenue being recorded as unavailable. This creates a timing-related accounting deficit that does not reflect MDOT's underlying financial position.

Department of Transportation Fund Balances
Fiscal Years 2021-2025
($ in thousands)

	2021	2022	2023	2024	2025
Revenues	$5,058,269	$5,546,960	$5,820,108	$5,467,322	$5,609,662
Expenditures	5,216,330	5,768,348	5,845,324	5,948,110	6,787,748
Excess (deficiency) of revenues over expenditures	$(158,061)	$(221,388)	$(25,216)	$(480,788)	$(1,178,086)
Net other sources (uses) of financial resources	390,063	574,482	27,233	-	448,767
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	$232,002	$353,094	$2,017	$(480,788)	$(729,320)
Fund balance, July 1	37,992	269,994	623,088	625,105	144,317
Fund balance, June 30	$269,994	$623,088	$625,105	$144,317	$(585,003)

Note: The Department of Transportation Special Revenue and Debt Service Funds account for substantially all of the financial activities of the Transportation Trust Fund. The Maryland Transportation Authority is not part of the Transportation Trust Fund. The above summary was prepared from the audited financial statements of the Department of Transportation which are prepared in accordance with GAAP.

Investment of State Funds

In 2024, the General Assembly passed Chapter 144 of the 2024 Laws of Maryland ("Chapter 144") which among other things, required the Treasurer to adopt regulations that specify the asset classes in which the Treasurer may invest. The regulations have been adopted and published in COMAR 25.03.03.03 for the State and COMAR 25.03.03.04 for Local Governmental Subunits. The regulations stipulate type, minimum credit status and diversification percentages for all authorized securities held by the Treasurer. The Treasurer securely invests unexpended or surplus money over which the Treasurer has custody. The fund includes both general monies and special funds. The fund provides for allocations to: (1) U.S. Treasury obligations; (2) obligation of certain United States agencies or instrumentalities (collectively, "Agencies"); (3) obligations of certain supranational issuers denominated in United States dollars and eligible to be sold in the United States; (4) repurchase agreements collateralized in an amount not less than 102% of principal by U.S. Treasuries or Agencies; and (5) CD's and Yankee CD's, bankers' acceptances, money market mutual funds and commercial paper (limited to 35% of total investments); and (6) Investment Grade ("A" or better) Corporate Securities; (7) Short Term (less than 5 year maturities) Asset Backed and Mortgage Backed Securities rated AAA; (8) US $ Denominated Sovereign Government Debt (minimum credit rating of AA or higher); and (9) the Maryland Local Government Investment Pool ("MLGIP").

In accordance with legislation passed in 2023, the Treasurer has adopted regulations establishing maximum thresholds for each current category of authorized investments. In 2024, the Treasurer finalized and adopted regulations as required by Chapter 144, including regulations authorizing the investment in additional asset classes, subject to certain thresholds. In conjunction with the adoption of these regulations, the Treasurer has fully updated the State's investment policy. The Treasurer's current investment policy, at any given time, can be found on the Treasurer's website. The

current investment policy can be found at https://treasurer.state.md.us/wp-content/uploads/2025/06/Investment-Policy-State-of-Maryland-V13-local-gov-052025.pdf

As of June 30, 2025 and 2026, the State's investment portfolio distribution was as follows:

Investment Portfolio Distribution
(par value)
($ in thousands)

	June 30, 2025		June 30, 2026	
	Amount Invested	**% of Total**	**Amount Invested**	**% of Total**
Repurchase Agreement- Overnight	$3,081,530	15.25%	$2,153,190	11.15%
Repurchase Agreement- Term	1,507,621	7.46	1,118,581	5.79
Commercial Paper	3,433,541	16.99	3,934,747	20.3
Commercial- Overnight	-	-	600,000	3.11
Federal Agency Securities	4,219,629	20.88	2,720,000	14.08
U.S. Treasuries	834,706	4.13	675,000	3.49
Supranationals	1,093,800	5.41	750,000	3.88
Certificates of Deposit	1,646	0.01	1,646	0.01
Corporates	2,448,297	12.11	3,223,493	16.69
Asset Backed Securities	73,037	0.36	461,111	2.39
Pass Through Securities	-	-	194,566	1.01
Money Market Funds	3,517,173	17.40	3,483,748	21.47
Total Investments[(a)]	$20,210,979	100.00%	$19,316,08	100.00%
Weighted Average Maturity in Days	266		279	

(a) Totals may not add due to rounding.

Holdings in U.S. treasuries and federal agency securities went down from approximately 25% to 17.6% since June 30, 2025 as older, lower-interest agency securities matured and were replaced with higher-yielding securities. Repurchase agreements fell as short-term commercial paper offered higher short-term returns.

Maryland State Retirement and Pension System

Introduction. This section is intended to provide a summary of relevant information related to the Maryland State and Retirement and Pension System (the "System" or the "State Retirement System"). The following documents related to the System are available at https://sra.maryland.gov/investments-financials and are incorporated herein by reference:

- Maryland State Retirement and Pension System Actuarial Valuation Report, as of June 30, 2025
- Maryland State Retirement and Pension System Actuarial Valuation Report for Maryland Municipal Corporations, as of June 30, 2025; and
- Maryland State Retirement and Pension System Annual Comprehensive Financial Report for the years ended June 30, 2025 and 2024.

Please note the actuarial information provided in this section has been provided to the System by the System's actuary, Gabriel Roeder Smith & Company, which was retained by the Board of Trustees of the System pursuant to statute. As with all actuarial valuations and future projections, the actuarial valuations are based on actuarial assumptions that have been presented by the actuary and adopted by the Board of Trustees. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on the ongoing experience of the System.

Plan Description. The System was established in accordance with Division II of the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits in a defined benefit plan to State employees, teachers, state police, law enforcement officer, judges, legislators correctional officers, and

employees of participating governmental units. The System is administered by a 15-member Board of Trustees that has the authority to invest and reinvest the System's assets. The Board of Trustees is obligated to hold the assets of the System for the exclusive purposes of providing benefits to participants and for reasonable expenses of administration.

The Board of Trustees pays all benefits and expenses of the various plans in the System from the accumulation fund[1], annuity savings fund[2], and expense fund established for each plan. As additional security, if needed, the State is obligated to annually pay into the System at least an amount that, when combined with the System's accumulation funds, is sufficient to provide the allowances and other benefits payable under each plan during that fiscal year.

The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The State Pool consists of State agencies, boards of education, community colleges and libraries. The Municipal Pool consists of the participating governmental units that elect to join the System. For actuarial valuation and funding purposes, neither pool shares in each other's actuarial liabilities. Municipal Pool participants cost-share in the liabilities of only the Municipal Pool, which receives a separate annual actuarial valuation in order to determine the funding levels and actuarial liabilities of the Municipal Pool. The Municipal Pool covers employees of 128 political subdivisions and other entities within the State.

For actuarial valuation and funding purposes, the State Pool comprises five distinct systems: Teachers' Retirement and Pension Systems (the "Teachers' Combined Systems"), Employees' Retirement and Pension Systems (the "Employees' Combined Systems"), State Police Retirement System, Judges' Retirement System, and Law Enforcement Officers' Pension System. As of June 30, 2025, the State Pool's membership in the System included 180,564 active members, 39,338 vested former members, and 156,704 retirees and beneficiaries. Together, the Teachers' Combined Systems and the Employees' Combined Systems account for 98% of membership in the State Pool.

Plan Benefits Pre- and Post-Reform. During the 2011 Legislative Session, pension reform legislation was proposed by the Governor and enacted by the General Assembly to ensure the long-term sustainability of the System's defined benefit structure and the affordability of the State's contribution in future years (the "2011 Pension Reforms").

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[1] The accumulation fund consists of employer contributions, interest on System assets, and retired members' previous contributions.

[2] The annuity savings fund consists of member contributions and statutory regular interest on members' accumulated contributions.

Following the 2011 Pension Reforms the normal service retirement benefits within the State Pool offered by the System are as follows:

PLAN TYPE	ANNUAL ALLOWANCE EQUALS	NORMAL SERVICE RETIREMENT ELIGIBILITY
Employees and Teachers Pension Systems		
Reformed	AFC[1] × .015 × Years of Creditable Service	• Rule of 90[2]; or • Age 65 with at least 10 years of eligibility service.
Alternate Contributory	(AFC × .012 × Years of Creditable Service to 6/30/98) + (AFC × .018 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Contributory	(AFC × .012 × Years of Creditable Service to 6/30/98) + (AFC × .014 × Years of Service after 6/30/98)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Contributory Reformed	AFC × .014 × Years of Creditable Services	• Rule of 90[2]; or • Age 65 with at least 10 years of eligibility service.
Non-Contributory	(AFC up to SSIL[3] × .008 × Years of Creditable Service) + (AFC over the SSIL × .015 × Years of Creditable Service)	• At least 30 years of eligibility service; or • Age 62 with at least 5 years of eligibility service, age 63 with 4 years, age 64 with 3 years, age 65 or older with 2 years.
Non-Contributory Reformed	(AFC up to SSIL × .008 × Years of Creditable Service) + (AFC over the SSIL × .015 × Years of Creditable Service)	• Rule of 90[2]; or • Age 65 with at least 10 years of eligibility service.
Employees and Teachers Retirement Systems		
Non-Bifurcated	$\frac{\text{AFC}}{55} \times$ Years of Service	• At least 30 years of eligibility service; or • At least age 60.
Plan C (Bifurcated Plan)	See Plan C (Bifurcated Plan) Worksheet	• At least 30 years of service; or • At least age 60.
Law Enforcement Officers' Pension System		
Non-Reformed	.02 × AFC × Years of Service up to 32.5 years	• At least age 50; or • At least 25 years of eligibility service.
Reformed	.02 × AFC × Years of Service up to 32.5 years	• At least age 50; or • At least 25 years of eligibility service.
Transfers from ERS	(.023 × AFC × Years of Service up to 30 years) + (.01 × AFC × Years of Service beyond 30 years)	• At least age 50; or • At least 25 years of eligibility service.

PLAN TYPE	ANNUAL ALLOWANCE EQUALS	NORMAL SERVICE RETIREMENT ELIGIBILITY
State Police Retirement System		
Non-Reformed	AFC × .0255 × Years of Service up to 28 years	• At least 22 years of eligibility service; or • At least age 50.
Reformed	AFC × .0255 × Years of Service up to 28 years	• At least 25 years of eligibility service; or • At least age 50.
Correctional Officers' Retirement System		
Non-Reformed	$\frac{\text{AFC}}{55} \times$ Years of Service	• Age 55 with 5 years of service; or At least 20 years of eligibility service.
Reformed	$\frac{\text{AFC}}{55} \times$ Years of Service	• Age 55 with 10 years of service; or • At least 20 years of eligibility service.
Judges' Retirement System		
All	.6667 × Salary of Active Judge holding same level position held at termination. (Prorated if years of service less than 16)	• Members joining on or before June 30, 2012: at least age 60 or retired by order of Supreme Court. • All others: at least age 60 or retired by order of Supreme Court and have accrued at least 5 years of eligibility service.
Legislative Pension Plan		
All	3.0% × current salary × years of service up to 22 years and three months	• Members with creditable service before January 14, 2015: age 60 and 8 years. • All others: age 62 and 8 years.

[1] AFC for purposes of the Employee and Teachers Pension Systems (Reformed benefit and Non-Contributory Reformed benefit only), the Law Enforcement Officers' Pension System (Reformed benefit only), the State Police Retirement System (Reformed benefit only) and Correctional Officers' Retirement System (Reformed benefit only) means the five highest consecutive years of earnings divided by five. For all others, AFC means the three highest consecutive years of earnings divided by three.

[2] Eligible for normal service retirement if years of eligibility service plus age equal 90 or more.

[3] The Social Security Integration Level (SSIL) for the year of retirement or separation from employment. The SSIL for 2025 is $98,600.

In fiscal year 2025, State retirees and beneficiaries within the State Pool received benefit payments totaling $4.8 billion, with an average benefit of $30,840.

Assumptions. By law, employer contribution rates are established by annual actuarial valuations using the individual entry age normal cost method and actuarial assumptions adopted by the Board of Trustees. Assets are valued for funding purposes by recognizing investment gains and losses over a five-year period. Each year's investment gain or loss is amortized on a straight-line basis over five years. The final actuarial value of assets is limited to not more than 120% or less than 80% of the market value of assets.

For the 2021 valuation, the System's Board of Trustees adopted new economic assumptions (investment return, inflation, wage inflation and COLA increases). The investment return assumption was reduced from 7.40% to 6.80%, the inflation assumption from 2.60% to 2.25%, the wage inflation from 3.10% to 2.75% and the assumed COLA increases from 2.19% to 1.96% (increases capped at 3%) and from 1.42% to 1.30% (reformed COLA).

Based on the Actuary's actuarial experience study for fiscal years 2019 to 2023, the System's Board of Trustees adopted changes to its economic and demographic assumptions. For the 2024 valuation, the inflation assumption was increased from 2.25% to 2.50% and the wage inflation assumption was increased from 2.75% to 3.00%. Additionally, the following demographic assumptions were adopted:

- Retirement Age - Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to the 2024 experience study of the period July 1, 2018 to June 30, 2023.

- Mortality - Public Sector 2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2021 fully generational mortality improvements scales for males and females.

The General Assembly passed legislation in 2023 that amended how the unfunded liabilities of the System are amortized. The existing unfunded liability as of June 30, 2023 for each State System will continue to be amortized over a single closed 25-year period beginning July 1, 2014 and ending June 30, 2039 (13 years remaining as of the June 30, 2025 valuation, which determines the fiscal year 2027 contribution). Beginning July 1, 2023 (first affecting the 2024 valuation), any new unfunded liabilities or surpluses that accrued during the preceding fiscal year are amortized over closed periods according to the following guidelines:

- Over 15 years for experience gains and losses;

- Over 25 years for gains or losses attributable to changes to actuarial assumptions or methods;

- Over a period ranging from no less than 10 and no more than 15 years for gains or losses stemming from new legislation (except early retirement incentives); and

- Over five years for any accrued liability stemming from legislation providing incentives for the early retirement of State employees.

Investments Allocations and Returns. The target asset allocation is set by the Board of Trustees, with no legal limits imposed by the General Assembly. In fiscal year 2025, the Board approved a new long-term asset allocation that results in higher allocations to growth-oriented investments like public equity, private equity, and credit, with reductions in rate sensitive and absolute return strategies. The new asset allocation policy is expected to generate higher investment returns over the long term and increase the probability of achieving the actuarial return objective.

Asset Allocation

	Actual Allocation as of March 31, 2026	Long-Term Target Allocation
Public Equity	32.8%	36.0%
Private Equity	20.1	19.0
Rate Sensitive	17.2	18.0
Real Assets	14.3	15.0
Credit Opportunities	9.3	12.0
Absolute Return	4.0	0.0
Multi Asset	0.7	0.0
Cash	1.6	0.0
Total[(a)]	100.0%	100.0%

(a) Totals may not add due to rounding.

The historical rates of return on the System's investments are:

Historical Rates of Return
(as of March 31, 2026, unaudited)

	1 year	3 year	5 year	10 year	20 year	25 year
Annualized Returns (gross of fees)	11.99%	8.5%	6.2%	8.00%	6.4%	6.5%

The System's rate of return, net of fees, on its investment portfolio for the fiscal year ending June 30, 2025 was 9.83%.

Funding Policies. Effective on July 1, 2015, the State eliminated the corridor funding method for the Teachers' Combined Systems and Employees' Combined Systems beginning with fiscal year 2017. All future contributions will be based upon the Actuarially Determined Employer Contribution ("ADEC").

Employer Contribution. In fiscal year 2025, the State and other employers paid the full ADEC and contributions to the System totaled $2.7 billion.

The following table presents estimates of the employer contribution relative to the General Fund budget in the previous and next five fiscal years.

These projections reflect the current legislative requirements and all supplemental payments made to date (see below for a discussion of supplemental payments). As with all future projections, the data in the following table are based on certain assumptions. One or more of these assumptions may prove to be inaccurate and may be changed in the future based on future experience.

Projected Employer Contributions as a Percent of the General Fund Budget
Employer Contributions

Fiscal Year	State Employees	Local Teachers	Total*
2026	3.2%	3.9%	7.1%
2027	3.0	4.0	7.1
2028	3.0	4.2	7.2
2029	2.9	4.1	7.1
2030	2.9	4.0	6.9
2031	2.8	3.9	6.7

* Totals may not add due to rounding.

Supplemental Payments. Each fiscal year from fiscal year 2012 to fiscal year 2025, the State made additional payments in excess of the ADEC required contributions. These additional payments varied each fiscal year from a low of $35.3 million to high of $195 million and were made in accordance with mandatory provisions enacted by the General Assembly. In 2026, the General Assembly eliminated the mandatory additional payment provisions from statute.

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Funded Status and Asset Value. As reported in the System's annual Actuarial Valuation Report, the funded status of each plan in the "State Pool" as of June 30, 2025, was as follows:

Funded Status of the Plans within the "State Pool" Portion of the Maryland State Retirement and Pension System As of June 30, 2025
($ in thousands)

Plan	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll %
Teachers' Retirement and Pension System	$57,962,438	$44,542,466	76.85%	$13,419,972	$9,537,248	140.7%
Employees' Retirement and Pension System	28,130,329	18,939,441	67.33	9,190,887	4,942,736	185.9
State Police Retirement System	3,214,742	2,137,903	66.50	1,076,839	151,105	712.6
Judges' Retirement System	804,938	658,191	81.77	146,747	63,060	232.7
Law Enforcement Officers' Pension System	1,647,714	1,127,082	68.40	520,631	165,299	315.0
Total of All Plans[(a)]	$91,760,160	$67,405,084	73.46%	$24,355,077	$14,859,447	163.9%

(a) Totals may not add due to rounding.

The following table presents the historical funding progress for the System, (both the State Pool and the Municipal Pool) for the fiscal years 2016 to 2025 as of June 30 valuation dates. This report is included in the System's Actuarial Valuation Report as of June 30, 2025 and prepared by the System's Actuary.

Historical Funding Progress
Maryland State Retirement and Pension System[(a)]
Actuarial Value of Assets
($ in thousands)

Valuation Date June 30	Actuarial Value Of Assets	Actuarial Accrued Liability (AAL	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll %
2016	$47,803,679	$67,781,924	70.5%	$19,978,245	$11,155,924	179.1%
2017	50,250,465	69,986,576	71.8	19,736,110	11,418,973	172.8
2018	52,586,536	72,574,689	72.5	19,988,161	11,566,220	172.8
2019.....	54,361,969	74,526,000	72.9	20,164,031	11,905,403	169.4
2020.....	56,246,894	76,471,035	73.6	20,224,259	12,501,422	161.8
2021.....	62,817,938	81,738,557	76.8	18,920,619	12,749,247	148.4
2022.....	65,798,923	85,248,064	77.2	19,449,141	13,201,815	147.3
2023.....	67,985,366	90,319,369	75.3	22,334,003	14,384,589	155.3
2024	70,325,764	95,774,916	75.4	25,449,152	15,650,353	162.6
2025	73,837,490	99,884,084	73.9	26,046,594	16,660,702	156.3

(a) Includes both the State Pool and the Municipal Pool accrued liabilities and assets.

The following table shows the projected funded ratios of the State Pool through projected full funding and reflects all legislative action and supplemental payments to date.

Projected Funded Ratios of State Pool
(as of June 30)

Valuation Year	Based on June 30, 2025 Valuation	Valuation Year	Based on June 30, 2025 Valuation
2026	73.7%	2038	96.6%
2028	77.2	2040	98.8
2030	80.9	2042	99.4
2032	84.6	2044	99.7
2034	88.4	2046	100.0
2036	92.5		

The following table presents information regarding the Asset Market Values of the System, including both the State Pool and the Municipal Pool, for the fiscal years 2016 to 2025 as of June 30 valuation dates, derived from a report by the System's Actuary.

Historical Market Value of Assets
Maryland State Retirement and Pension System[(a)]
($ in thousands)

Valuation Date, June 30	Market Value of Assets	Valuation Date, June 30	Market Value of Assets
2016	$45,365,926	2021	$67,604,500
2017	48,987,183	2022	64,310,991
2018	51,827,233	2023	64,892,973
2019	53,943,419	2024	67,909,708
2020	54,586,037	2025	73,240,774

(a) Includes both the State Pool and the Municipal Pool.

As of March 31, 2026, the System's market value of assets (unaudited) was $77.5 billion.

Accounting and Reporting. Beginning in fiscal year 2015, Statement No. 68 of the Governmental Accounting Standards Board required changes to the State's pension accounting and reporting. The net pension liability ("NPL") defined by the pronouncement, similar to the unfunded actuarial accrued liability, is reported as a liability on the government-wide statement of net position. It is a present value measure of benefits to be provided based on the employees' past service, and accordingly, recognizes the entire net pension expense, regardless of when this expense will be funded. It replaced the Net Pension Obligation ("NPO") previously reported as a liability. The NPO was the cumulative difference between required contributions to the pension plans to meet obligations as they came due and actual contributions, and therefore, measured the funding obligation only.

For the State Retirement and Pension System, a cost-sharing multiple-employer system, all cost-sharing employers are required to recognize a liability for their proportionate share of the NPL. In Maryland, the State funds the unfunded actuarial accrued liability applicable to local teachers' service, and therefore, the State records the NPL for the teachers' plan as a non-employer contributing entity.

For fiscal year 2025, the State's contribution to the System was $2.7 billion, and the total contribution to the System was $2.9 billion. The NPL for the System was calculated as $25.7 billion as of June 30, 2025, of which the State's share has been estimated to be $23.7 billion.

For a more detailed discussion of the System, see the State's 2025 Annual Comprehensive Financial Report, "Notes to the Financial Statements," Note 17. A copy of the System's Actuarial Valuation Report as of June 30, 2025 may be obtained online at https://sra.maryland.gov/actuarial-valuation-reports.

Maryland Transit Administration Retirement Programs

In addition to the principal retirement programs administered by the Board of Trustees, the Maryland Transit Administration ("MTA") of the Department of Transportation provides pension benefits to its employees for the three unions it recognizes and for former union members promoted to management positions (the "MTA Plan"). All other management employees hired after April 30, 1970, are members of the State Employees' Retirement or Pension Systems. All three active union contracts include a provision requiring union employees to contribute a percentage their Pensionable Earnings to the MTA Plan. As of Fiscal Year 2025, year-end, the respective percentages according to their collective bargaining agreements were as follows: 4% from AFSCME 1859, 6% from ATU 1300 and 6% from OPEIU local 2. Effective July 3, 2025, through July 17, 2025, AFSCME 1859 contributions increased from 4% to 5%. Effective July 18, 2025, to January 15, 2026, AFSCME 1859 contributions increased from 5% to 6%. Effective January 16, 2026, AFSCME 1859 contributions increased from 6% to 7%.

The MTA Plan provides retirement, early retirement and disability benefits. The plan is funded in compliance with collective bargaining agreements. Employees hired after November 5, 2021, are fully vested upon the first to occur: (1) Attainment of Normal Retirement Age, (2) Attainment of Early Retirement Age, or (3) 10 years of Continuous Service. For all employees hired before November 5, 2021, minimum years of Continuous Service is based on each collective bargaining agreement. Employees' retirement benefits are based on years of Credited Service and Average Compensation. Generally, normal retirement benefits are based on 52 years of age and 30 years of Continuous Service or 65 years of age and 5 years of Continuous Service.

The annual contribution to the MTA Plan is based upon a report of the consulting actuary (Gabriel, Roeder, Smith & Company). The Department of Transportation provided $56.6 million (which excludes employee contributions of approximately $12.9 million) to plan for fiscal year 2025. The Department's MTA fiscal year 2026 budget provides approximately $57.8 million (which excludes employee contributions of approximately $13.6 million) for the plan. The MTA's actuary calculated the MTA's fiscal year 2025 NPL to be $651.2 million.

As of July 1, 2025, membership in the MTA Plan included 2,609 active members, 591 vested former members, and 2,237 retirees and beneficiaries. The total pension liability is based upon the July 1, 2024, valuation data and assumption determined by the consulting actuary and rolled forward to June 30, 2025:

Funded Status of the MTA Plan
as of July 1, 2025
($ in thousands)

Actuarial Accrued Liability(AAL)	Actuarial Value Of Assets	Funded Ratio (Assets/Liab.)	Unfunded AAL (UAAL)	Covered Payroll (Active Members)	UAAL as a Percent of Payroll%
$1,035,471	$608,109	58.73%	$427,362	$209,590	203.90%

Note: For a more detailed discussion of the MTA Plan, see https://www.mdot.maryland.gov/OOF/FINAL-2025-06-30_MTA_Pension_Valuation.pdf

Other Post-Employment Benefits

State Employee and Retiree Health and Welfare Benefits Program. Retired State employees and their eligible dependents meeting certain qualifications may participate, on a subsidized basis, in the State Employee and Retiree Health and Welfare Benefits Program (the "Program"). As of June 30, 2024, the Program membership included 85,534 active employees, 2,836 vested former employees and 54,670 retirees and beneficiaries. The Program assesses a charge to retirees for post-employment health care benefits similar health care insurance charges for active employees.

The State has adopted the GASB Statement No. 75 ("GASB 75") which supersedes GASB 45 and addresses how state and local governments should account for and report costs and obligations related to post-employment health care and other post-employment non-pension benefits ("OPEB") effective for fiscal year ending June 30, 2018. GASB 75 generally requires that the annual cost of OPEB and the related obligations and commitments be accounted for and reported in essentially the same manner as pensions under GASB 68. Annual OPEB costs typically will be based on actuarially determined amounts that, if paid on an ongoing basis, would provide sufficient resources to pay benefits as they come due.

The provisions of GASB 75 do not prescribe methods for funding OPEB plans, nor do they require governments to fund their OPEB plans. GASB 75 does, however, establish additional disclosure requirements for employers contributing to OPEB plans. For defined benefit OPEB, GASB 75 identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Disclosure and required supplementary information requirements about defined benefit OPEB also are required regardless of whether or not the plan is administered through a qualifying trust.

Under GASB 75, the Net OPEB Liability is reported as a liability on the State's financial statements. The Net OPEB Liability is the difference between the Total OPEB Liability (the actuarial present value of all future projected benefit payments attributable to service prior to the measurement date) and the Fiduciary Net Position (market value of assets).

The State's annual OPEB expense is calculated as change in Net OPEB Liability over the measurement period, with deferred recognition of certain aspects of the change in liability, including investment gains/losses, demographic gains/losses, and changes in actuarial assumptions. Unrecognized amounts are reported as deferred inflows and/or deferred outflows of resources related to OPEB until they are recognized in the annual OPEB expense.

2011 Employee and Retiree Health Benefits Reforms. The 2012 Budget implemented changes to employee and retiree prescription drug and health benefits (the "2011 Health Benefit Reforms") that decreased the State's projection of OPEB liability from $15.9 billion prior to the 2011 Health Benefit Reforms to $9.2 billion after the 2011 Health Benefit Reforms and decreased the corresponding State projection of ADEC under GASB 45 from $1.22 billion to $704.4 million. The 2011 Health Benefit Reforms increased employee and retiree prescription drug copayments and increased retiree premium payments and out of pocket maximums. For new employees hired after June 30, 2011, 10 years of service rather than five years is required for eligibility for retiree health benefits, and 25 years of service rather than 16 years is required in order to receive a full State subsidy. Under current law, State prescription drug benefits have been discontinued for certain retirees and those retirees have been required to enroll in Medicare Part D. In addition, in 2019 the General Assembly passed legislation that would create three state-funded programs to limit costs related to the prescription drug benefit for certain eligible retirees.

OPEB Projections. As of June 30, 2025, the actuary's Total OPEB Liability was $9.9 billion, and the Fiduciary Net Position was $582.7 million, resulting in a Net OPEB Liability ("NOL") of $9.4 billion. The discount rate used was an unblended pay-go rate of 5.20%. The ratio of the Fiduciary Net Position to the Total OPEB Liability was 5.86%. The covered payroll (annual payroll of active employees covered under the Program) was $7.85 billion, and the ratio of the NOL to the covered payroll was 119.24%.

The following table from the Actuarial Valuation Reports as of June 30, 2025, prepared by the State's actuary, shows the components of the State's annual OPEB expense, the contribution to the Program and the State's Net OPEB Liability for fiscal year 2025.

State Employee and Retiree Health and Welfare Benefits Program
Annual OPEB Expense and Net OPEB Liability
Projections as of June 30, 2025
($ in millions)

Reporting Date under GASB 75	**June 30, 2025**	**June 30, 2024**
Measurement Date under GASB 75	**June 30, 2025**	**June 30, 2024**
Beginning Net OPEB Liability	$11,362.9	$11,118.6
OPEB expense	47.68	741.8
Employer contributions	(432.3)	(535.7)
New net deferred inflows/outflows	(2,001.8)	(331.1)
Recognition of prior deferred inflows/outflows	379.1	369.3
Ending Net OPEB Liability	**$9,355.5**	**$11,362.9**

The State's General Fund has historically contributed approximately 60% of the annual pay-as-you-go costs of other post-employment benefits, with special and federal funds contributing the balance. Chapter 355 of the 2007 Laws of Maryland created the Postretirement Health Benefits Trust Fund (the "Trust Fund") as an irrevocable trust. Funds of the Trust Fund will be used to assist in financing the State's post-retirement health insurance subsidy. The net assets held in trust for post-retirement health benefits as of June 30, 2025 were $582.7 million. This balance also reflects the activity for investment earnings and administrative expenses during the period.

Maryland Transit Administration. MTA provides a retiree health care benefits plan (the "MTA OPEB") to all employees who are members of the MTA plan, except for transfers from union to management positions who are required to enroll in the State Employee and Retiree Health and Welfare benefits program described above. The annual funding of the MTA OPEB is based upon a report of the consulting actuary (Gabriel, Roeder, Smith & Company). The MTA OPEB is an unfunded pay-as-you-go plan. The MTA does not currently have a separate fund set aside to pay healthcare costs.

The funded status for MTA OPEB is as follows:

Maryland Transit Administration Plan OPEB
Annual OPEB Cost and Net OPEB Liability
Fiscal Year 2025
($ in millions)

Balance as of June 2024 for FY 2025	$763.9
Changes for the Year:	
Service Cost	28.7
Interest	29.5
Changes of Benefit Terms	-
Experience Losses/(Gains)	(66.1)
Trust Contribution – Employer	0.0
Net Investment Income	0.0
Changes in Assumptions	14.9
Benefits Payments (net of retiree contributions)	(28.5)
Administrative Expense	-
Net Changes	$(21.5)
Balance as of June 30, 2025 for FY 2026	$742.5

Note: Numbers may not add due to rounding

For a more detailed discussion of the MTA OPEB, see the State's 2025 Annual Comprehensive Financial Report, "Notes to the Financial Statements," Note 18.

Labor Management Relations

As of June 30, 2026, the State had approximately 116,838 employees.

States are exempt from the provisions of the National Labor Relations Act; thus, State employees may engage in collective bargaining only if specifically authorized. Since 1999, collective bargaining has been available to eligible State employees. Eligible State employees are assigned to one of 12 bargaining units. These bargaining units are represented by seven certified exclusive bargaining representatives that are entitled to negotiate with the Governor or his designee(s) regarding wages, hours, and terms and conditions of employment on behalf of bargaining unit employees. The negotiating parties execute a memorandum of understanding of not less than one year or more than three years duration that incorporates all matters of agreement. Matters of agreement that require legislative approval or the appropriation of funds are subject to the approval of the General Assembly. Additionally, State employees may join employee associations, and the State permits the deduction of dues from employees' salaries for these associations.

Employees represented by the exclusive bargaining representatives negotiated a 1.0% cost of living ("COLA") adjustment on July 1, 2025 and an increment in fiscal year 2026. The fiscal year 2027 budget provides most State employees with a 1.5% general salary increase effective July 1, 2026, an increment in lieu of a general salary increase to members of the State Law Enforcement Officer's Labor Alliance (SLEOLA), annual salary review adjustments for selected classes of positions, and adjustments to the most common pay scales to ensure employee salaries increase at more similar rates when they receive increments.

In 2022, collective bargaining was extended to approximately 600 employees of the Office of the Public Defender. Employees were accreted into existing AFSCME bargaining units and were included in time for negotiations that occurred in the Fall of 2023 for the FY 2025 budget.

Also in 2022, legislation modified the manner in which the University System of Maryland was required to collectively bargain. Specifically, the legislation consolidated most, but not all, collective bargaining duties into the Office of the Chancellor.

In 2024, legislation was enacted that repealed the statutory exclusion from collective bargaining for most supervisory State employees in Executive Branch agencies, excluding higher education institutions, thereby establishing collective bargaining rights for those employees. The Department of Budget and Management is required to adopt regulations defining which supervisory employees are eligible. An election was held and AFSCME was certified as the exclusive representative for the supervisor bargaining unit on March 5, 2025.

In 2026, contingent on passage of a proposed constitutional amendment, and its ratification by the voters in November 2026, legislation alters the statutory collective bargaining process for State employees (excluding those in State institutions of higher education) by establishing binding arbitration in the event of an impasse in negotiations. The bill also requires the Governor to include in the annual budget bill the appropriations necessary to implement and fund all terms of memoranda of understanding (MOU) or binding arbitration involving the State, State institutions of higher education, and the Maryland Environmental Service (MES) and the exclusive representatives of their respective employees.

Public school teachers throughout the State are not State employees but are employed and otherwise paid by the local school boards of education. The State, however, pays partial retirement benefit contributions on behalf of those employees. Teachers have been authorized by statute to form and participate in employee organizations for the purpose of representation on all matters relating to salaries, wages, hours, and other working conditions. Similar laws have been enacted to cover employees of Baltimore City and some counties.

The employees of the public community colleges and the public libraries are not State employees; the State, however, pays each employer's share of the retirement contribution.

Aid to Local Government

The State provides substantial assistance to local governments through a variety of direct and indirect assistance programs. Cash assistance is provided to support, among other local expenditures, community colleges, basic current expenses of elementary and secondary schools, pupil transportation, road construction and maintenance, the education of students with disabilities, local health departments, and local police departments. In addition to cash grants, the State has contributed directly to retirement for local teachers and librarians. Beginning in fiscal year 2013, State retirement contributions for local teachers and librarians reflect a lower State obligation pursuant to legislation enacted during the 2012 Legislative Session that allows for sharing costs with local jurisdictions. The State has also directly paid a major share of the debt service on bonds issued to pay for the construction of local elementary and secondary schools, community colleges, and water treatment facilities. Further, the State has assumed the non-federal share of the costs of providing medical assistance, income maintenance payments, and social services for the needy. In the transportation area, the State operates the mass transit program in the Baltimore area and provides grant assistance for the Maryland portion of the Washington metropolitan area transit system.

The following table presents a summary of major State financial support for fiscal years 2023 through 2025, and the estimates for fiscal years 2026 and 2027. Federal funds are excluded except for State Fiscal Recovery Funds provided in the American Rescue Plan Act of 2021. PAYGO capital funds are excluded—a recent change in reporting—and the 2023 through 2025 actuals have been updated to reflect this change.

Major State Financial Support to Local Governments—Operating Budget Only
Fiscal Years 2023-2027
($ in millions)

	2023	2024	2025	2026 Estimated[a]	2027 Estimated[a]
Education	$8,489	$9,284	$9,706	$10,443	$10,829
Transportation	285	339	420	470	471
Health	106	135	111	115	115
Public Safety	270	218	227	214	215
Other	343	380	361	351	344
Total [b]	$9,493	$10,356	$10,825	$11,593	$11,974

(a) Estimated totals are as of the budget introduced January 21, 2026.
(b) Totals may not add due to rounding.

Cybersecurity

In the conduct of its daily business, the State employs technology and collects and stores sensitive data. The secure processing, maintenance, and transmission of this information is critical to many of the State's operations. Despite security and other technical measures currently in place and those which may be adopted in the future, information technology and infrastructure may be vulnerable to attacks by hackers, nation states or other breaches, including as a result of error, malfeasance or other disruptions or failures. Any such breach, disruption or other failure could compromise State services, networks, facility operations and the information stored there could be accessed, disrupted, publicly disclosed, lost or stolen. Any such access, disruption, disclosure, theft or other loss of information could result in disruptions to State operations and financial or other activities, or legal claims or proceedings, including pursuant to laws that protect the privacy of personal information, or regulatory penalties.

To prevent such disruptions to State operations, the State maintains a cybersecurity office within the Department of Information and Technology ("DoIT"). The State uses the National Institute of Standards and Technology Cybersecurity Framework to measure the maturity of cybersecurity controls and exposure to cyber risks in State government. The current focus is on (1) improving detection, response and recovery capabilities along with a continual review of critical controls for systems which process State data and (2) providing cyber security education to state employees on an ongoing basis.

In carrying out its cybersecurity functions, DoIT's Office of Security Management ("OSM") works with Task Force. OSM also regularly works with (1) other states and municipalities throughout the country to share cybersecurity

threat intelligence and best practices, and (2) non-governmental entities such as utilities, telecommunication providers and financial services companies for the purpose of enhancing collective cyber defenses. The State has developed standard cybersecurity policies and standards for third party vendors of the State to follow, and security provisions for contracts with vendors, which help ensure the State is notified of cyber breaches and suspected cyber breaches of a vendor's network environment.

While the State conducts periodic tests and reviews of its networks, no assurances can be given that such security and operational control measures will be successful in guarding against all cyber threats and attacks. New technical cyber vulnerabilities are discovered in the United States every day. The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. In addition, there is a heightened risk due to an increase in remote access to State systems by State employees due to increased teleworking. As cybersecurity threats continue to evolve, the State may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the State's computer and information technology systems could impact its operations and damage the State's digital networks and systems, and the costs of remedying any such damage could be substantial.

In 2022, several Maryland laws advancing cybersecurity resources, defenses, and partnership were enacted. These laws (1) created a more precise State-level chain of resources and response processes for cyber threats, including a newly created Cyber Response Unit within the Maryland Department of Emergency Management; (2) created a Cybersecurity Coordinating Council, (3) developed standards for government entities (including counties) for cyber preparedness and systems; and (4) set standards and practices around public infrastructure, like public water systems, to better guard systems against cyber threats and attacks.

The State continues to expand in-house resources dedicated to supporting cybersecurity coordination, prevention, and response. The fiscal year 2027 budget for OSM is $55.8 million which will be used, in part, to add new programs to support the statewide centralization strategy.

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STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM

The State issues general obligation bonds, to the payment of which the State ad valorem property tax is pledged, for capital improvements and for various State-sponsored projects. In addition, the Maryland Department of Transportation issues for transportation purposes its limited, special obligation bonds payable primarily from specific, fixed-rate excise taxes and other revenues related mainly to highway use. The State and certain of its agencies have also entered into a variety of lease-purchase agreements to finance the acquisition of capital assets. These lease agreements specify that payments thereunder are subject to annual appropriation by the General Assembly.

There is no general debt limit imposed by the State Constitution or public general laws. Although the State has the authority to make short-term borrowings in anticipation of taxes and other receipts up to a maximum of $100.0 million, the State has not issued short-term tax anticipation notes or made any other similar short-term borrowings for cash flow purposes.

Tax-Supported Debt Outstanding

The aggregate principal amount of outstanding bonded indebtedness of the State as of June 30, 2026 is as follows:

Tax-Supported Debt Outstanding
($ in millions)

	Outstanding at June 30, 2026	As Adjusted For This Sale[e]
General Obligation Bonds	$9,730.6	$
Consolidated Transportation Bonds[a]	2,901.0	
Maryland Stadium Authority Bonds and Leases[b]	106.3	
Capital Leases[c]	26.6	
Bay Restoration Revenue Bonds[d]	94.7	
Net Tax-Supported Debt	$12,859.2	$

(a) See "Department of Transportation Debt."
(b) See "Maryland Stadium Authority Bonds."
(c) See "Lease and Conditional Purchase Financings."
(d) See "Other Tax-Supported Debt."
(e) Includes principal amounts already paid from June 30, 2026 to September 16, 2026.

The above table excludes local debt as well as revenue and enterprise debt, all of which are not State tax-supported debt. (For further information on Revenue and Enterprise Debt see APPENDIX A "MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS" and "SUPPLEMENTARY DEBT INFORMATION – Revenue and Enterprise Financings.")

General Obligation Bonds

General Obligation bonds are authorized and issued primarily to provide funds for State-owned capital improvements, including institutions of higher education; the construction of locally owned public schools; and grants and loans that support affordable housing and neighborhood revitalization projects. General obligation bonds also have been issued to assist local governments, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for grants or repayable loans to private, nonprofit, cultural, or educational institutions. In the fiscal year 2027 capital program, 24.9% of new general obligation bond authorizations represents financing of State-owned capital facilities, 24.6% is for public school construction, and 50.5% represents grant or loan financing of other capital needs such as construction of affordable housing and select transportation needs.

Dedication of State Property Tax to General Obligation Debt. The State Constitution prohibits the contracting of State debt unless the debt is authorized by a law levying an annual tax or taxes sufficient to pay the debt service within 15 years and prohibiting the repeal of the tax or taxes or their use for another purpose until the debt is paid. As a uniform practice, each separate enabling act that authorizes the issuance of general obligation bonds for a given object or purpose has specifically levied and directed the collection of a State ad valorem property tax on

all taxable property in the State. The Board of Public Works is directed by law to fix by May 1 of each year the property tax rate necessary to produce revenue sufficient for the debt service requirements of the next fiscal year, which begins July 1, but the taxes so levied need not be collected if or to the extent that funds sufficient for debt service requirements in the next fiscal year have been appropriated in the annual budget. Accordingly, the Board, in annually fixing the rate of property tax after the end of the regular legislative session in April, takes account of appropriations of general and other funds for debt service.

Although each enabling act authorizing general obligation bonds commits the State property tax to the service of such bonds, and all amounts collected from such tax are applied to that purpose, it has been the normal practice to devote a significant amount of General Fund revenue to general obligation debt service, as shown below.

General Fund Revenue Dedicated to
General Obligation Debt Service
($ in millions)

Fiscal Year	General Fund Subsidy	Fiscal Year	General Fund Subsidy
2020	$287.0	2024	$425.1
2021	131.0	2025	397.1
2022	260.0	2026	154.7
2023[(a)]	430.0	2027[(b)]	177.7

(a) For FY 2023, an additional subsidy of $219.0 million was submitted as a deficiency along with the proposed FY 2024 budget.
(b) As reflected in enacted Budget.

For fiscal year 2027, the sources of current revenues anticipated to be used for the payment of debt service are the State property tax (78.6%), general funds (11.9%), carried-over balance from previous years (6.8%), and other miscellaneous revenues (2.7%).

Department of Transportation Debt

Consolidated Transportation Bonds are limited obligations issued by the Maryland Department of Transportation (the "Department"), the principal of which must be paid within 15 years from the date of issue, for highway, port, transit, rail, or aviation facilities or any combination of such facilities. The law, which was amended in the 2025 legislative session, limits the outstanding aggregate principal amount of these bonds to $5.0 billion. Current law also provides that the General Assembly may establish in the budget for any fiscal year a maximum outstanding aggregate amount of these bonds as of June 30 of the fiscal year that is less than $5.0 billion. For fiscal year 2026, the limit is $2.9 billion. As of June 30, 2026, the principal amount of outstanding bonds is $2.9 billion.

Debt service on Consolidated Transportation Bonds is payable from those portions of the excise tax on each gallon of motor vehicle fuel and the motor vehicle titling tax, sales and use tax on short-term vehicle rentals, and the corporate income tax as are credited to the Department after distribution to the General Fund, plus all departmental operating revenues and receipts. In addition, beginning July 1, 2013, the static excise tax rates for gasoline and special fuel were replaced by a two-prong rate setting system that adjusts the relevant excise rates annually in most years and semiannually in certain years. See "STATE FINANCES- State Revenues." The Department does not receive a portion of the State's general sales and use tax. The holders of the Consolidated Transportation Bonds are not entitled to look to other sources for payment. The Department has covenanted with the holders of outstanding Consolidated Transportation Bonds not to issue additional bonds unless certain revenue adequacy tests are met.

The General Assembly has authorized the Department, by resolution of the Secretary of the Department, to borrow funds to finance the costs of transportation facilities through the issuance of revenue-backed bonds so long as the payment of debt service on such bonds is not supported directly or indirectly by State tax revenues pledged to meet debt service on the Department's Consolidated Transportation Bonds. Prior to being given this authority, the Department relied on the Maryland Transportation Authority or the Maryland Economic Development Corporation ("MEDCO") to be conduit issuers for these types of revenue-backed bonds. On February 10, 2021, the Department issued $219.9 million of Special Transportation Project Refunding Revenue Bonds to (i) refund existing bonds

previously issued by the Maryland Transportation Authority and the MEDCO, (ii) to consolidate separate revenue pledges, and (iii) provide a gross pledge of MAA's operating revenues. On July 14, 2021, the Department issued $190.5 million of additional bonds to fund a portion of the Concourse A/B Connector and Baggage Handling System project at the Baltimore/Washington International Thurgood Marshall Airport. On November 13, 2024, the Department issued Special Transportation Project Revenue Bonds Series 2024A in the amount of $219.8 million to complete this project.

Nontraditional Debt. Nontraditional debt outstanding is defined as any debt instrument that is not a Consolidated Transportation Bond or Grant Anticipation Revenue Vehicle Bond. Such debt includes but is not limited to: certificates of participation, debt backed by customer facility charges, passenger facility charges, or other revenues, and debt issued by the MEDCO or any other third party on behalf of the Department. During the 2025 Legislative Session, the General Assembly established a debt limit for nontraditional debt exclusive of Purple Line debt of $820.4 million, $1.9 billion for the Federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan for the Purple Line Light Rail project and $643.5 million for the Purple Line Series 2022A and 2022B Bonds (the "Purple Line Bonds") as of June 30, 2026. As of June 30, 2026, the Department's nontraditional debt outstanding exclusive of Purple Line debt was $745.4 million, TIFIA loan draws including capitalized interest totaled $1.761 billion, and $643.5 million was still outstanding on the Purple Line Bonds.

Maryland Stadium Authority Bonds

The Maryland Stadium Authority (the "Authority") was created in 1986 as an instrumentality of the State responsible for financing and directing the acquisition and construction of professional sports facilities in Maryland. Since then, the Authority's responsibility has been extended to include a variety of facilities. On June 30, 2026, the principal amount of tax-supported outstanding bonds and capital leases of the Authority was $106.3 million. See APPENDIX A – "SUPPLEMENTARY DEBT INFORMATION – Maryland Stadium Authority" for a summary of outstanding debt of the Authority and descriptions of the Authority's projects.

Lease and Conditional Purchase Financings

The State has financed and expects to continue to finance the construction and acquisition of various facilities and equipment through conditional purchase, sale-leaseback, and similar transactions. As of June 30, 2026, the total tax-supported capital leases and conditional purchase financing outstanding was $330.4 million. See APPENDIX A - "SUPPLEMENTARY DEBT INFORMATION – State Tax-Supported Lease and Conditional Purchase Financings" for details of the total tax-supported capital leases outstanding. All of the tax-supported lease payments under these arrangements are subject to annual appropriation by the General Assembly. If appropriations are not made, the State may not be held contractually liable for the payments. These transactions generally are subject to approval by the Board of Public Works.

In 2019, the Maryland Department of Transportation sold $23.49 million of certificates of participation ("COPs") to finance the acquisition of buses for shuttle services at the Baltimore Washington International Thurgood Marshall Airport.

In April 2025, the Maryland Department of Health ("MDH") entered into a capital lease for approximately 500,000 square feet of office space and over 1,600 parking spaces in downtown Baltimore. MDH is not expected to begin making payments under the lease until occupancy, which is anticipated to occur in January 2027. The Maryland Economic Development Corporation issued bonds in July 2025 in an amount not to exceed $220 million to finance renovation and fit out costs for the office space as well as the financing of a new 1,172 space parking garage. The MEDCO bonds have a 25-year maturity and are secured by MDH's lease payments.

The State Treasurer's Office consolidates equipment lease-purchases authorized in the budget into periodic lease-purchase agreements for all executive agencies. The State also has a lease-purchase program to provide financing for energy conservation projects at State facilities. Lease payments are made from the agencies' annual utility appropriations from the savings achieved through the implementation of energy performance contracts.

Bay Restoration Revenue Bonds

The Bay Restoration Fund, which is managed by the Maryland Water Infrastructure Financing Administration, receives a mandatory fee of $60 per year per equivalent dwelling unit from most users of sewerage systems in the State. The sewer fee revenues are projected at approximately $110.0 million per year. The sewer fee revenues are pledged, to the extent necessary, as security for Bay Restoration Revenue Bonds issued by the Administration, the proceeds of which will be applied primarily to provide grant funds to upgrade wastewater treatment plants with enhanced nutrient removal technology. $100.0 million of Bay Restoration Fund Revenue Bonds were issued on April 19, 2014, and an additional $180.0 million of Bay Restoration Bonds were issued in November 2015. As of June 30, 2026, the principal amount of outstanding Bay Restoration Revenue Bonds was $94.7 million.

Debt Data

The following tables present, at fiscal year-end, various data showing: (1) the trend of outstanding general obligation debt, its relationship to assessed value of property, personal income, population, and the trend of general obligation debt service and its relationship to revenues; (2) the trend of outstanding general obligation, transportation, and other State tax-supported debt and debt service and their relationships to the same factors; and (3) the total combined tax-supported debt of the State and debt of Baltimore City and all of the counties, towns, and special taxing districts within Maryland, and various relationships of such local combined debt to the assessed value of property, population and personal income. While the State is not obligated for local unit debt, the combined State and local unit debt ratios demonstrate the total State and local debt obligations relative to statewide assessed values, population and personal income, for general comparison with other states' debt levels.

The Capital Debt Affordability Committee ("CDAC") annually reports ratios for tax-supported debt outstanding compared to personal income and tax-supported debt service compared to revenues. Debt outstanding, personal income, debt service, revenues and population in the following tables are all as reported in the 2025 CDAC report. Because some of the numbers used in the CDAC report are preliminary, they may not agree with more recent figures reported elsewhere in this Official Statement.

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General Obligation Bond Ratios
($ in millions except per capita amounts)

	End of Fiscal Years				
	2021	**2022**	**2023**	**2024**	**2025**
General Obligation Bonds[(a)]	$9,913	$10,589	$10,001	$10,195	$9,954
% Change[(b)]	1.4%	6.8%	(5.5%)	1.9%	(2.4%)
Assessed Value[(c)]	$794,329	$818,287	$847,185	$890,288	$946,686
Debt Ratio[(d)]	1.2%	1.3%	1.2%	1.1%	1.1%
Population[(e)]	6,176	6,183	6,205	6,224	6,256
Per Capita Debt	$1,605	$1,713	$1,612	$1,633	$1,589
Personal Income[(f)]	$427,034	$430,429	$456,408	$491,898	$512,716
Debt Ratio[(d)]	2.3%	2.5%	2.2%	2.1%	1.9%
General Obligation Debt Service	$1,270	$1,376	$1,429	$1,433	$1,547
Revenues[(g)]	$22,906	$26,229	$26,330	$26,978	$28,009
Debt Service Ratio[(d)]	5.5%	5.2%	5.4%	5.3%	5.5%

(a) Shows amount of debt outstanding as of June 30 in the fiscal years shown less amounts advance refunded and net of any sinking funds.
(b) Shows the percentage of increase or decrease of the dollar values from the preceding year's amount.
(c) Assessed value as of January 1 in the fiscal years shown, the date assessments are made final for the fiscal year beginning the next July 1.
(d) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(e) Population is stated in thousands.
(f) Personal income is for the calendar year ended December 31 of the year shown.
(g) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, and Education Trust Fund.

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Combined General Obligation, Transportation and Other State Tax-Supported Debt Ratios

($ in millions except per capita amounts)

	End of Fiscal Years				
	2021	**2022**	**2023**	**2024**	**2025**
Outstanding					
General Obligation Bonds[a]	$9,913	$10,589	$10,001	$10,195	$9,954
Transportation Bonds:					
Consolidated Transportation	3,672	3,643	3,297	3,005	2,895
Capital Leases	178	160	147	139	340
Stadium Authority	116	101	142	129	118
Bay Restoration Revenue Bonds	210	186	162	140	118
Total State Tax-Supported Debt[b]	$14,088	$14,680	$13,749	$13,609	$13,416
Assessed Value[c]	$794,329	$818,287	$847,185	$890,288	$946,686
Debt Ratio[d]	1.8%	1.8%	1.6%	1.5%	1.4%
Population[e]	6,176	6,183	6,205	6,245	6,265
Per Capita Debt	$2,281	$2,374	$2,216	$2,179	$2,141
Personal Income[f]	$427,034	$430,429	$456,408	$491,898	$512,716
Debt Ratio[d]	3.3%	3.4%	3.0%	2.8%	2.6%
Debt Service	$1,763	$1,908	$1,985	$1,930	$2,049
Revenues[g]	$26,829	$30,675	$30,737	$31,226	$32,450
Debt Service Ratio[d]	6.6%	6.2%	6.5%	6.2%	6.3%

(a) Shows amount of debt outstanding as of June 30 in the fiscal years shown less amounts advance refunded and net of any sinking funds..
(b) Totals may not add due to rounding.
(c) Amounts for full value are stated as of January 1, the date assessments are made final for the fiscal year beginning the next July 1.
(d) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(e) Population is stated in thousands.
(f) Personal income is for the calendar year ended December 31 of the year shown.
(g) Amounts of revenue represent General Fund revenues, property taxes, bond premium, U.S. Treasury subsidies, and Education Trust Fund.

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Combined State and Local Unit Debt Ratios
($ in millions except per capita amounts)

	2021	2022	2023	2024	2025
Outstanding Debt[a]					
State Tax-Supported Debt	$14,088	$14,680	$13,749	$13,609	$13,416
Local Debt[b]	30,014	31,139	31,363	31,941	32,705 [g]
Total Combined Debt	$44,102	$45,819	$45,112	$45,550	$46,121
Assessed Value[c]	$794,329	$818,287	$847,185	$890,288	$946,686
Debt Ratio[d]	5.6%	5.6%	5.3%	5.1%	4.9%
Population[e]	6,176	6,183	6,205	6,245	6,265
Per Capita Debt	$7,141	$7,410	$7,270	$7,294	$7,362
Personal Income[f]	$427,034	$430,429	$456,408	$491,898	$512,716
Debt Ratio[d]	10.3%	10.6%	9.9%	9.3%	9.0%

(a) Shows amount of debt outstanding as of June 30 in the fiscal years shown less amounts advance refunded and net of any sinking funds. Local debt includes the debt of Baltimore City, counties, towns, and special districts. Local debt data are derived from compilations by the Department of Legislative Services of data reported by the local units as required by statute.
(b) Includes outstanding debt of component units.
(c) Amounts for full value are stated as of January 1, the date assessments are made final for the fiscal year beginning the next July 1.
(d) The debt ratios are expressed as the principal amounts of outstanding debt as percentages of (i) assessed value and (ii) personal income. The debt service ratios are expressed as the total annual amounts of debt service as percentages of all relevant revenues.
(e) Population is stated in thousands.
(f) Personal income is for the calendar year ended December 31 of the year shown.
(g) Estimate.

See "SUPPLEMENTARY DEBT INFORMATION – General Obligation Bonds" for: (1) amounts of the outstanding general obligation bonds of the State at each fiscal year end; and (2) for the annual debt service requirements on all outstanding general obligation bonds of the State for future fiscal years.

Capital Programs

General obligation debt is one of several sources of funds used to finance capital assets of the State and to provide State capital grants and repayable loans to local governments and the private sector (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – General Obligation Bonds"). Other types of debt incurred by the State and its units to finance various capital facilities and programs include bonds issued by the Department of Transportation (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Department of Transportation Bonds"), bonds issued by the Maryland Stadium Authority (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Maryland Stadium Authority Bonds") and capital leases for the acquisition of property and equipment (see "STATE TAX-SUPPORTED DEBT AND CAPITAL PROGRAM – Lease and Conditional Purchase Financings").

The State has also funded capital projects through current operating revenues and receipts. For example, the Department of Transportation funds roads, bridges, and other transportation facilities from current revenues from dedicated sources; and the Department of Natural Resources constructs waterway improvements, shore erosion and land development projects, purchases land for recreational and conservation purposes and provides capital grants to local governments from revenues in its operating budget. Furthermore, some operating budgets have included general funds for projects normally eligible for funding by general obligation bonds.

The General Assembly annually enacts a Maryland Consolidated Capital Bond Loan appropriating funds for the various capital programs to be funded through the sale of State general obligation bonds. Once authorized, the projects are implemented by various State agencies, generally under the supervision of the Board of Public Works. Project expenditures are accounted for in the Capital Projects Fund. General obligation bonds are issued as cash is needed to meet project requirements. General obligation bond proceeds are credited to the State and Local Facilities Loan Fund, and cash is transferred to fund capital project expenditures, as needed. For each fiscal year from 2021 through 2026, the following table sets forth the amount of bonds authorized, issued, cancelled, and retired; the

cumulative amount of general obligation bonds outstanding; and the cumulative amount of bonds authorized but unissued.

General Obligation Bonds Authorized, Issued, Cancelled and Retired[(a)]
($ in thousands)

		Activity during Fiscal Year					Status at Fiscal Year End	
		Issued		Authorizations	Principal			Authorized but
Fiscal Year	Authorized[(b)]	New	Refunding	Cancelled	Redeemed	Refunded	Outstanding[(c)]	Unissued[(c)]
2021	$1,105,000	$1,015,000	$471,390	-	$851,598	$494,330	$9,912,930	$2,572,652
2022 (d).....	1,424,766	1,665,000	237,125	-	950,732	275,730	10,588,592	2,332,418
2023 (e)	1,234,100	400,000	-	-	987,355	-	10,001,237	3,166,518
2024	1,750,000	1,200,000	-	13,056	1,005,999	-	10,195,238	3,703,462
2025 (f)	1,890,134	900,000	656,730	-	1,112,034	685,835	9,954,100	4,693,596
2026 (g)	1,756,897	800,000	-	245	1,023,491	-	9,730,607	5,650,247

(a) Per the Comptroller's Office unless otherwise indicated.
(b) Amounts shown represent authorizations that become effective in the fiscal year indicated. The normal effective date is June 1, which is in the same fiscal year as the session of the General Assembly enacting the authorization; however, some authorizations are not effective until July 1, which is the first day of the following fiscal year.
(c) Totals may not add due to rounding.
(d) The authorized amount includes projects to be funded by premium in the amount of $259.8 million.
(e) The authorized amount includes projects to be funded by premium in the amount of $29.1 million.
(f) The authorized amount includes projects to be funded by premium in the amount of $140.1 million.
(g) As of June 30, 2026.

The following table reflects activity and ending balances in the Capital Projects Fund on a budgetary basis.

Capital Projects Fund
($ in thousands)

Fiscal Year	Beginning Balance	Bond Proceeds[(a)]	Other[(b)]	General Fund Appropriation	Project Expenditures	Ending Balance[(c)]
2021	$611,562	$1,014,816	$330,908	-	$1,172,433	$784,854
2022.....	784,854	1,664,657	571,817	-	1,100,268	1,921,060
2023.....	1,921,060	399,911	754,399	-	1,199,887	1,875,483
2024.....	1,875,483	1,199,787	714,473	-	1,092,216	2,697,527
2025.....	2,697,527	1,119,000	516,644	-	1,574,531	2,758,640
2026[(d)]	2,758,640	899,813	30,573	-	1,986,900	1,702,127

(a) Includes premiums on the sale of bonds used to pay underwriter's discount and costs of issuance, net of amounts used to pay refunded bonds.
(b) Consists primarily of State property transfer tax revenues and other transfers in (out).
(c) Totals may not add due to rounding.
(d) As of June 30, 2026, figures reflect preliminary, unaudited data and do not include year-end accrual adjustments.

The State's operating and capital budgets for fiscal year 2027 include appropriations for $2.8 billion of capital projects. Of that amount, $1.9 billion is comprised of general obligation bonds authorizations, which includes $1.75 billion in new debt, $97.1 million in unused prior authorizations that are repurposed for new capital needs, and $5 million in bond premiums. General Fund "PAYGO" of $107.7 million supports the capital program. The remainder is comprised of projects funded by federal funds, special funds, and revenue bonds.

The fiscal year 2027 capital budget includes $455.0 million in general obligation bond authorizations to improve schools throughout the State, and $461.8 million in general obligation bond funding is provided for new construction of and improvements to State-owned facilities. The capital budget includes an additional $935.3 million to address other capital needs, including transportation systems, community development and affordable housing, environmental and outdoor infrastructure improvements, local higher education facilities, and other important capital priorities throughout the State. General Fund PAYGO of $107.7 million is anticipated to supplement these capital programs.

The State's five-year Capital Improvement Program for fiscal years 2027 through 2031, adjusted for fiscal year 2027 legislative actions, includes $9.7 billion in discretionary funds: $8.8 billion in general obligation bond sale revenue, and $837.2 million in General Fund PAYGO. The State's anticipated capital needs for these fiscal years that are to be funded through general obligation bond issuances total $3.9 billion for State-owned facilities, $2.3 billion to improve schools throughout the State, and $2.6 billion for other capital needs including transportation. General Fund PAYGO supplements these programs with $837.2 million for other capital needs, primarily transportation. The funded amount, by year, is outlined in the following table.

Governor's Capital Improvement Program Adjusted for Fiscal Year 2027 Legislative Actions
General Obligation Bonds and General Fund PAYGO
($ in millions)

	GO Bonds and Bond Premiums			General Fund PAYGO		
Fiscal Year	State-Owned Facilities	School Construction	Other Capital Needs	State-Owned Facilities	School Construction	Other Capital Needs
2027	$461.8	$455.0	$935.3	-	-	$107.7
2028	818.6	453.5	477.9	-	-	182.3
2029	851.1	453.5	431.4	-	-	182.3
2030	889.2	453.5	397.6	-	-	182.4
2031	914.5	453.5	370.8	-	-	182.4
Total	$3,935.2	$2,269.0	$2,613.0	-	-	$837.1

Capital Debt Affordability Committee

The General Assembly created the Capital Debt Affordability Committee ("CDAC"), the members of which are the Treasurer, the Comptroller, the Secretary of Budget and Management, the Secretary of Transportation, and one person appointed by the Governor. The Chairs of the Capital Budget Subcommittees of the Senate Budget and Taxation Committee and the House Appropriations Committee participate as non-voting members. The CDAC is required to submit to the Governor by October 20 of each year an estimate of the maximum amount of new general obligation debt that prudently may be authorized. Although the CDAC's responsibilities are advisory only, the Governor is required to give due consideration to the CDAC's finding in preparing a preliminary allocation of new general obligation debt authorizations for the next fiscal year.

As part of its process, the CDAC reviews all tax-supported debt, including general obligation debt, Consolidated Transportation Bonds issued by the Department of Transportation, tax-supported bonds issued by the Maryland Stadium Authority, State tax-supported capital lease transactions, and Bay Restoration Revenue Bonds. The CDAC's most recent report, from November 2025, recommended to the Governor and the General Assembly to limit new general obligation bond authorizations to $1.75 billion for fiscal year 2027. The Committee stated that the recommendation is within the adopted affordability benchmarks of 8% debt service to revenues and 4% debt outstanding to personal income.

The following table compares the CDAC's recommendations for general obligation bond authorizations with the authorizations enacted by the General Assembly during each of the last five sessions.

CDAC's Recommendations for Bond Authorizations
($ in thousands)

General Assembly Session	For Fiscal Year	CDAC Recommendations	Total New Bond Authorizations	General Assembly Deauthorizations of Prior Years' Bond Authorizations	Net Bond Authorizations	Difference
		(A)	(B)	(C)	(B) - (C)	(B) - (C) - (A)
2021	2022	$1,095,000	$1,106,371	$1,371	$1,105,000	$10,000
2022	2023	900,000	1,219,361	54,361	1,165,000	265,000
2023	2024	600,000	1,218,639	13,639	1,205,000	605,000
2024	2025	1,750,000	1,845,046	95,046	1,750,000	-
2025	2026	1,750,000	1,814,825	64,825	1,750,000	-
2026	2027	1,750,000	1,847,099	97,099	1,750,000	-

Total sales of General Obligation bonds during the five fiscal years 2022 through 2026 are as follows:

Total Sales of General Obligation Bonds
($ in thousands)[a]

	2022	2023	2024	2025	2026
General Construction	$898,050	$199,714	$421,200	$295,200	$199,200
State Public School Construction	293,100	64,466	303,600	204,300	196,800
Other	473,850	135,820	473,200	400,500	404,000
Total	$1,665,000	$400,000	$1,200,000	$900,000	$800,000
Refunding	$237,125	$-	$-	$656,730	$-

(a) Totals may not add due to rounding

MISCELLANEOUS REVENUE AND ENTERPRISE FINANCINGS

Certain other units of the State government are authorized to borrow money under legislation that expressly provides that the loan obligations shall not be deemed to constitute a debt or a pledge of the faith and credit of the State. The Community Development Administration of the Department of Housing and Community Development, higher education institutions (including the University System of Maryland, Morgan State University, St. Mary's College of Maryland and Baltimore City Community College), the Maryland Transportation Authority, the Maryland Water Infrastructure Financing Administration, the Maryland Environmental Service and the Maryland Department of Transportation have issued and have outstanding bonds of this type. The principal and interest on bonds issued by these bodies are payable solely from various sources, principally fees generated from use of the facilities or enterprises financed by the bonds. Outstanding revenue and enterprise debt of these State units, together with their non-State tax-supported lease and conditional purchase financings, amounted to approximately $10.7 billion on June 30, 2026. See APPENDIX A - "SUPPLEMENTARY DEBT INFORMATION – Revenue and Enterprise Financings" for a summary of outstanding Revenue and Enterprise Financings.

The Department of Budget and Management is required to report annually on the levels of debt issued and outstanding by certain State agencies and to recommend annual debt issuance amounts for those agencies. The Governor may establish the amounts of such debt to be issued during the fiscal year, which amounts may be amended by the Governor.

PUBLIC-PRIVATE PARTNERSHIPS

Purple Line Transit Project. The Maryland Purple Line Light Rail Transit Project (the "Purple Line") is a 16.2-mile, 21-station, east-west, light rail transitway that will extend from its western terminus at the Bethesda Metro Station in Montgomery County to its eastern terminus at the New Carrollton Metro Station in Prince George's County, just inside the I-495/Capital Beltway in the Washington, D.C. metropolitan area.

The Department and the MTA entered into a public-private partnership with Purple Line Transit Partners ("PLTP") for the design, construction, financing, operations, and maintenance of the Purple Line. Construction activities are currently underway and completion is expected in late 2027. Subsequent to completion of construction, PLTP will operate and maintain the system for 30 years. Construction activities are financed through a federal New Starts grant, State contributions, a TIFIA loan, private activity bonds, and private equity. The MTA will make performance-based availability payments to PLTP throughout the 30-year term of the project agreement to repay construction costs and pay for the system's operation and maintenance.

University of Maryland NextGen Energy Program. The NextGen Energy Program is a public-private partnership agreement between the University of Maryland, College Park ("UMD") and Maryland Energy Impact Partners LLC ("MEIP") approved by the State's Board of Public Works on May 15, 2024. Under the agreement, MEIP is granted a 33-year energy services concession during the course of which critical aged and inefficient energy infrastructure will be replaced to help increase energy service reliability and decreasing the energy systems' carbon

emissions from the Central Energy Plant and the first comprehensive plan to set UMD on a pathway to achieving full Energy Systems decarbonization by December 31, 2035, will be developed.

MEIP will finance approximately 85% of all costs associated with the capital improvements and decarbonization strategy development using taxable municipal bonds issued by MEDCO (nonrecourse to UMD and the University System) in an aggregate principal amount sufficient to generate proceeds of approximately $345.7 million. MEIP will finance the remaining 15% of such costs with equity contribution by its equity partners of approximately $59 million that will remain at risk throughout the Concession Agreement's term. UMD will pay MEIP a monthly availability payment beginning at the actual substantial completion date for the capital improvements (approximately three years after construction commences). UMD has indicated that non-State tax revenue sources will be used to support the availability payments. The current level of UMD's annual utilities budget (increased overtime for projected long-term inflation) will fund the Program's availability payments and operating costs.

UMD estimates that the NextGen Energy Services Program will generate a significant revenue stream for the State and Prince George's County. Construction of the initial capital improvements is estimated to create 120 annual full-time trade employment opportunities at prevailing wages that will generate up to $10 million in tax revenue and recycle over $70 million through in-State businesses (over half of which will flow to Prince George's County businesses).

MTA Freight Rail Project. The Department of Transportation, through the MTA, owns approximately 92 miles of rail lines on the Eastern Shore, including approximately 60 miles of rail lines in active use. Freight rail service to shippers is currently managed through a sole source operating and limited maintenance contract between the present operator and MTA. The State of Maryland does not directly operate a common carrier freight railroad itself. It has historically relied on private operators to perform this function rather than manage operations as part of its core business.

With a renewed interest in operating freight railroad lines by private short-line and regional operators across the country, the Department is preparing a long-term public-private partnership ("P3") solicitation for a new approach to the management of these rail lines. A P3 approach will enable further private investment in the corridors, create opportunities for new jobs and businesses along the lines, and enable MDOT and its private partner to more quickly address capital investment needs. MDOT's objective is to increase the overall safety, efficiency, reliability, and competitiveness of energy-efficient freight rail service throughout communities on the Eastern Shore.

The project is currently in solicitation. When complete, MDOT intends for a competitively selected, private partner to develop, improve, finance, operate, maintain, and manage the MTA-owned assets over an anticipated term of 40 years. The Project Agreement is expected to take the form of a long-term concession.

Maryland Center for Public-Private Partnerships at Maryland Economic Development Corporation. On April 2, 2026, Governor Wes Moore announced the establishment of the Maryland Center for Public-Private Partnerships at MEDCO as a resource to connect public entities with private sector innovators, universities, and nonprofit leaders to accelerate economic development and deliver critical infrastructure projects throughout the State. The Center will provide advisory expertise, strategic partnership development, and support for project financing options and design and construction coordination, focusing on transit-oriented development, mixed-use centers, energy facilities, and innovation centers. Certain State agencies, like the Maryland Department of Transportation, Maryland Transportation Authority, University System of Maryland, and Department of General Services retain the authority to solicit and execute public-private partnerships for their assets.

LITIGATION AND OTHER MATTERS

Child Victims Act Cases. In 2023, the General Assembly passed the Child Victims Act which, among other things, provided that an action for damages arising out of certain alleged incidents of child sexual abuse that occurred while the victim was a minor may be filed at any time notwithstanding any time limitation under law. As passed in 2023, the Child Victims Act further provided that if the liability of the State or the State's units arises under a claim of child sexual abuse, the liability may not exceed $890,000 to a single claimant for injuries arising from an incident or occurrence. The effective date of the Child Victims Act was October 1, 2023. The constitutionality of the Child

Victims Act was challenged in various state courts and on February 3, 2025, the Maryland Supreme Court upheld its constitutionality.

The General Assembly, in its 2025 session, passed a bill that impacted claims under the Child Victims Act in several ways (the "2025 Amendments") and the bill was signed into law on April 22, 2025. The 2025 Amendments included clarifications to the portions of the Maryland Tort Claims Act ("MTCA") amended by the Child Victims Act. Specifically, the bill replaces references to "incidents" or "occurrences" of child sexual abuse with references to "claims" of child sexual abuse in several statutory provisions and reduces the monetary liability of defendants in previously time-barred child sexual abuse actions filed on or after June 1, 2025. For a cause of action arising out of a claim or claims of child sexual abuse filed on or after June 1, 2025, that would have been barred by a time limitation before October 1, 2023, the liability of the State or its units is limited to $400,000 to a single claimant for injuries arising from the claim or claims. The effective date of the 2025 Amendments is June 1, 2025.

Between October 1, 2023, and July 31, 2026, the State has been named as a defendant in 1,255 lawsuits with 13,741 claimants who allege they suffered sexual abuse as minors. The State anticipates that additional lawsuits may be filed and continues to periodically receive new suits however the volume of incoming claims has slowed in 2026. Given the volume of cases, in May 2026 the Court appointed a special magistrate to coordinate discovery and other pretrial matters common across the cases. The State has also challenged, and the Supreme Court has agreed to hear whether approximately 1,300 of the claims are barred by sovereign immunity or whether the CVA waived such immunity.

The State cannot be certain of the total number of suits that may be filed, and it is too early to estimate the financial impact of cases brought against the State as a result of the Child Victims Act, but that impact is anticipated to be material.

Tax Challenges. Chapter 37 of the Acts of 2021 (HB732 of the 2020 Regular Session) imposed a tax on the gross revenues of specified digital advertising. There are several ongoing court cases challenging the constitutionality of the tax. The Comptroller's Office began collecting the tax beginning in fiscal year 2022 and through March of fiscal year 2026 has collected a total of approximately $511.6 million. This revenue is being deposited into the Blueprint Fund, but these revenues are not included in the State revenue forecast and the State budget does not include these revenues in its projections.

Based on the *Potomac Edison* decision, utilities in Maryland are exempt from paying sales and use tax on the purchase of certain equipment, such as conductor, transformers, and substations, used in transmission and distribution systems for electricity, which could result in the State incurring a loss of revenue for any taxes paid, with interest, for any filed refund claims from 2003 to present.

STATE DEMOGRAPHIC AND ECONOMIC DATA

Introduction

The following selected socioeconomic data may be relevant in evaluating the economic and financial condition of the State; however, this information is not intended to provide all relevant data necessary for a complete evaluation of the State's economic and financial condition.

Maryland is located on the East Coast in the South Atlantic Census Region, and is bordered by Delaware, Pennsylvania, West Virginia, Virginia, and the District of Columbia. Maryland encompasses 12,407 square miles. Ranking 42 among the 50 states in size, Maryland's land area (exclusive of inland waterways and the 1,726 square miles of the Chesapeake Bay) is 9,844 square miles.

Population

According to the U.S. Census Bureau, Maryland's population on July 1, 2025 was 6,265,347, an increase of 3.6% from 2015. Maryland's population is concentrated in urban areas. In 2025, the 11 counties and Baltimore city located in the Baltimore-Washington region contained 87.4% of its population. The 2025 population for the Baltimore Metropolitan Statistical Area is estimated at 2,857,781 and for the Maryland portion of the Washington Metropolitan Statistical Area at 2,618,916. Overall, Maryland's population per square mile was 636 in 2025. The following table presents estimated population of Maryland and the United States from 2015 to 2025.

Population

	Maryland		United States	
Year	Population	Change	Population	Change
2015	6,050,280	0.7%	321,815,121	0.8%
2016	6,080,556	0.5	324,353,340	0.8
2017	6,113,486	0.5	326,608,609	0.7
2018	6,139,211	0.4	328,529,577	0.6
2019	6,163,769	0.4	330,226,227	0.5
2020	6,178,387	0.2	331,578,104	0.4
2021	6,176,035	0.0	332,100,166	0.2
2022	6,183,257	0.1	333,996,304	0.6
2023	6,204,927	0.4	336,755,052	0.8
2024	6,245,314	0.7	340,003,797	1.0
2025	6,265,347	0.3	341,784,857	0.5

Source: U.S. Department of Commerce, Bureau of the Census.
Notes: Figures are estimates for July 1 of each year.

Maryland's population growth rate is below the national average, consistent with population growth patterns in other high-income or northeastern states such as Massachusetts and Connecticut. Maryland has positive natural population growth (births minus deaths) as well as positive international net migration growth. Maryland's population growth slowed during the pandemic due to an increase in domestic out-migration and a decrease in international immigration. The population growth rate has since risen due to a decline in emigration and an increase in international immigration, while natural population growth has slowed gradually. Domestic migration in the United States is generally coming from wealthy, high cost of living states and going to states with a lower cost of living. In Maryland, the largest sources of in-migration are jurisdictions with relatively higher housing costs, such as New York, New Jersey, and the District of Columbia. The most populator destinations for domestic migrants leaving Maryland are states with relatively lower housing costs, such as Pennsylvania, Florida, and Ohio.

The age distribution of the population affects average labor productivity and therefore the economy and State revenues. The average worker is most productive in middle age. The age distribution of the national labor force, however, is skewed more towards younger and older workers than in the 1990s, which helps explain some of the decline in labor productivity growth since then. For 2025, the most recent year for which data are available, the populations of Maryland and the United States were distributed by age as follows:

Age Distribution 2025

Age	Maryland	United States
Under 5 years	5.5%	5.4%
5 through 19 years	18.4	18.3
20 to 44 years	33.2	33.6
45 to 64 years	24.6	23.8
65 years and over	18.4	18.9
	100.0%[(a)]	100.0%[(a)]

Source: U.S. Department of Commerce, Bureau of the Census.
(a) Totals may not add due to rounding.

Educational Levels

Maryland's workforce is more highly educated than the United States as a whole. As of 2024, the most recent year for which data are available, the percentage of the adult population (25 years and over) with a bachelor's degree or higher is 44.7% compared to 36.8% for the nation. Maryland ranks third in the nation in the percentage of its over 25 population with a graduate or professional degree. Maryland's high levels of educational attainment partially explain higher median and average wages in Maryland compared to the nation. The State's educated labor force facilitates the growth of the professional services and education and health service sectors.

Educational Attainment of Population 25 Years and Over in 2024

	Maryland	United States
Less than High School	8.6%	10.1%
High School Diploma	23.1	25.7
Some College	17.0	18.5
Associate's Degree	6.6	8.8
Bachelor's Degree	23.2	22.1
Graduate or Professional Degree	21.5	14.7

Source: U.S. Department of Commerce, Census Bureau (American Community Survey).

Personal Income

Maryland residents received approximately $512.7 billion in personal income in 2025. Maryland's total personal income increased at a rate of 3.3%, compared to the national total personal income of 4.8%. Per capita income remained above the national average in 2025: $81,834 in Maryland compared to the national average of $76,393 and ranked 10th highest in the nation. Per capita income varies across the State, with the highest incomes in the Washington and Baltimore regions. The table below shows trends in per capita personal income in Maryland and the United States.

Per Capita Personal Income

Year	Maryland	Change	United States	Change	Maryland Ranking
2016	$56,606	2.9%	$48,974	1.9%	5
2017	58,245	2.9	51,006	4.1	5
2018	59,915	2.9	53,311	4.5	7
2019	61,723	3.0	55,567	4.2	9
2020	64,863	5.1	59,151	6.4	9
2021	69,268	6.8	64,692	9.4	10
2022	70,866	2.3	66,303	2.5	11
2023	75,624	6.7	70,013	5.6	10
2024	79,486	5.1	73,227	4.6	10
2025	81,834	3.0	76,393	4.3	10

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Note: Rankings do not include the District of Columbia.

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As one of the wealthier states, a greater share of personal income is derived from dividends, interest and rent, and a lesser share comes from transfer payments. In 2025, the sources of personal income in the State and the comparable sources of personal income for the nation were as follows:

Sources of Personal Income
2025
($ in millions)

		Percentage of Personal Income Before Residence Adjustment	
	Maryland	**Maryland**	**United States**
Mining, forestry, fishing	$ 436	0.1%	0.8%
Construction	21,626	4.5	3.6
Manufacturing	15,096	3.1	5.0
Trade, transportation & utilities	40,811	8.5	8.9
Information services	11,709	2.4	2.3
Finance, insurance & real estate	24,104	5.0	5.7
Professional & business services	67,187	14.0	11.0
Educational & health services	46,611	9.7	7.8
Leisure & hospitality services	14,907	3.1	2.9
Other services	12,260	2.5	2.0
Government			
Federal, civilian	35,990	7.5	1.6
Military	5,615	1.2	0.6
State & local	40,559	8.4	6.6
Farm income	836	0.2	0.4
Earnings by place of work	337,749	70.2%	59.2%
Less:			
Personal contributions for social insurance	(39,546)	(8.2)%	6.7%
Plus:			
Dividends, Interest and Rent	97,322	20.2%	17.7%
Transfer Payments	85,392	17.8%	16.4%
Personal income before residence adjustment	480,917	100.0%	100.0%*
Residence adjustment	31,786	6.2%	0.02%
Total Personal Income	$ 512,703[(a)]		

Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Quarterly Personal Income, Series SQ5N).
Note: Total personal income is reported by place of residence; however, income by industry is shown by place of work. The residence adjustment accounts for Maryland residents who work outside the State.
(a) Totals may not add due to rounding.

Between 2020 and 2025, total personal income in Maryland grew 5.1% annually, compared to a national growth rate of 5.9%. During this period, wage and salary income, which accounts for roughly half of total personal income, grew at a lower rate in Maryland than nationally. The difference in growth of the residence adjustment income earned by residents who work outside of Maryland or the nation is not very meaningful, because the residence adjustment is 6.2% of Maryland personal income, but less than 0.02% of national personal income.

Average Annual Growth of Personal Income Components
(2020 through 2025)

	Maryland	United States
Wages and Salaries	5.3%	6.5%
Supplements to Wages and Salaries	5.4	5.3
Proprietors' Income	7.3	5.7
Contributions for Social Insurance	6.1	6.9
Residence Adjustment	2.6	5.3
Dividends, Interest, and Rent	6.8	7.9
Transfer Payments	3.0	3.2
Total Personal Income	5.1	5.9

Source: U.S. Department of Commerce, Bureau of Economic Analysis (State Annual Personal Income, Series A04).

Note: Total personal income is reported by place of residence; however, income by industry is shown by place of work. The residence adjustment accounts for Maryland residents who work outside the State.

Annual Personal Income and Wages and Salaries Growth

	Personal Income		Wages and Salaries	
Year	Maryland	United States	Maryland	United States
2016	3.4%	2.7%	3.1%	3.0%
2017	3.5	4.9	3.6	4.7
2018	3.3	5.1	3.5	4.9
2019	3.4	4.8	3.6	4.8
2020	5.3	6.9	1.5	1.5
2021	6.8	9.5	6.6	9.0
2022	2.5	3.1	5.5	7.9
2023	7.1	6.5	5.3	5.5
2024	5.8	5.6	6.4	5.6
2025	3.3	4.8	2.5	4.6

Source: U.S. Bureau of Economic Analysis.

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Employment

Maryland's labor force totaled 3.2 million in June 2026. The three leading sectors of employment in the State are government, education and health services, and professional and business services. These sectors are also among the nation's top sectors for employment. The greatest differences in the distribution of employment between Maryland and the nation can be observed in the government, manufacturing, and professional and business service sectors. The federal government and professional and business service sectors comprise a greater percentage of employment in Maryland than in the nation, whereas manufacturing employs a much smaller share of the Maryland population compared to the nation, as shown in the table below.

Distribution of Employment
2025

	Maryland	United States
Construction & mining	5.9%	5.6%
Manufacturing	3.9	8.0
Trade, transportation & utilities	16.5	18.1
Information services	1.2	1.8
Financial activities	5.0	5.8
Professional & business services	16.6	14.2
Educational & health services	17.8	17.3
Leisure & hospitality services	9.6	10.6
Other services	4.4	3.8
Government		
Federal	5.3	1.8
State & local	13.7	13.0
Total	100.0%[(a)]	100.0%[(a)]

Source: U.S. Department of Labor, Bureau of Labor Statistics.
(a) Totals may not add due to rounding.

Average Annual Employment Growth
(2020 through 2025)

	Maryland	United States
Construction & mining	0.6%	2.5%
Manufacturing	0.4	0.8
Trade, transportation & utilities	0.7	1.5
Information services	1.0	1.0
Financial activities	(0.3)	1.1
Professional & business services	1.1	1.9
Educational & health services	2.6	3.3
Leisure & hospitality services	5.0	5.1
Other services	1.7	2.4
Government		
Federal	0.2	(0.2)
State & local	2.2	1.6
Total[(a)]	1.6%	2.2%

Source: U.S. Department of Labor, Bureau of Labor Statistics.
(a) Totals may not add due to rounding.

Historical annual employment growth in Maryland's five largest sectors is shown in the table below. Maryland's five largest sectors represented 79.5% of total employment in 2025.

Annual Employment Growth
Maryland's Five Largest Employment Sectors

Year	Total Government	Educational & Health Services	Professional and Business Services	Trade, Transportation, & Utilities	Leisure & Hospitality Services	Total MD Employment	Total US Employment
2016	0.0%	2.0%	1.8%	1.1%	2.1%	1.3%	1.8%
2017	0.3	2.4	0.7	0.3	2.5	1.10	1.6
2018	0.4	2.1	1.8	0.5	0.6	0.9	1.6
2019	0.2	1.2	1.9	(0.3)	0.3	0.7	1.4
2020	(2.2)	(7.0)	(4.2)	(4.8)	(25.5)	(6.8)	(5.8)
2021	1.0	0.2	4.2	4.4	9.6	2.6	2.9
2022	2.2	1.1	3.8	2.0	8.3	2.5	4.3
2023	3.1	4.3	0.1	(1.0)	5.3	1.7	2.2
2024	2.6	5.4	1.2	0.3	3.5	2.2	1.2
2025	(0.9)	2.0	(3.6)	(1.8)	(1.1)	(0.8)	0.5

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Recent employment trends in Maryland are shown in the following table.

Employment Trends

Year	Unemployment Rate in Maryland	Unemployment Rate in the United States	Growth in Maryland Labor Force	Growth in United States Labor Force
2016	4.3%	4.9%	0.7%	1.3%
2017	4.1	4.4	1.8	0.7
2018	3.8	3.9	0.7	1.1
2019	3.4	3.7	1.9	0.9
2020	6.5	8.1	(3.0)	(1.7)
2021	5.2	5.4	(1.9)	0.3
2022	3.0	3.7	0.1	1.9
2023	2.2	3.6	0.7	1.7
2024	3.2	4.0	1.3	0.6
2025	4.0	4.3	(0.3)	1.6

Source: Maryland Department of Labor, Licensing and Regulation.

Historically, Maryland's civilian Labor Participation Rate (LPR) has been above that of the nation, however the gap has narrowed. The LPR has been declining nationally and in Maryland since a peak in the 1990s. A survey of available literature examining LPR in the US suggests key factors in the nationwide decline in LPR, such as the aging population, health related barriers including the opioid epidemic, and childcare costs. Since early 2025, the unemployment rate has been increasing, reaching late-2021 levels, signaling a softening in the demand for Maryland's existing labor supply.

Tariffs

Tariff actions implemented by the federal government will affect Maryland through the impact on consumers and on international trade. See "STATE FINANCES – Impact of Federal Actions" in this Appendix A for a discussion of the impact of federal tariff actions on the State's finances.

Assessed Value of Property

Maryland levies a State tax on real property, revenues from which are credited to the Annuity Bond Fund to pay debt service. Since fiscal year 2007 the tax rate has been 11.2 cents per $100 of assessment (28 cents on utility operating property).

Shown below is the assessed value for State purposes of real property as determined by the State Department of Assessments and Taxation. All real property is assessed at full cash value once every three years, with any increase in full cash value phased in over the ensuing three taxable years in equal installments. Any decrease in the full cash value is recognized in full in the next taxable year and held constant for the remaining two taxable years.

Assessed Values of Real Estate
($ in thousands)

Year	Real Property	Utility Operating Real Property	Total	Change in Assessed Values
2015	$650,759,385	$780,572	$651,539,957	1.3%
2016	669,345,818	786,889	670,132,707	2.9
2017	694,547,847	838,059	695,385,906	3.8
2018	719,269,719	889,156	720,158,875	3.6
2019	746,080,873	837,642	746,918,515	3.7
2020	770,161,164	864,974	771,026,138	3.2
2021	793,419,280	909,519	794,328,799	3.0
2022	817,300,614	986,733	818,287,347	3.0
2023	846,101,807	1,083,136	847,184,943	3.5
2024	888,757,299	1,530,568	890,287,867	5.0
2025	945,171,184	1,514,732	946,685,916	6.3
2026	1,008,779,981	1,574,248	1,010,354,229	6.7
2027	1,062,249,088	1,590,278	1,063,839,366	5.2

Source: State Department of Assessments and Taxation, June 30, 2026.
Note: See also, "STATE FINANCES – State Revenues, Property Taxes and State Property Tax Revenue Estimates."

Residential Real Estate

Residential real estate is particularly important in terms of State borrowing as State property tax revenue is dedicated to paying off principal and interest on general obligation bonds. Data on residential real estate in Maryland is displayed in the tables below.

In 2025, the value of all Maryland residential unit permits issued decreased by 22.1%, while the total number of residential building permits decreased by 20.6%. Unit sales for 2025 decreased by 6.1%, while the median unit price rose 2.8%.

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Aggregate Value of and Building Permits Issued for Residential Construction in Maryland

Year	Value of Construction in Current Dollars ($ in millions)	Change	Number of Permits Issued	Change
2015	$3,080.6	6.6%	17,057	4.4%
2016	3,166.8	2.8	17,044	(0.1)
2017	3,257.3	2.9	16,224	(4.8)
2018	3,701.8	13.6	18,647	14.9
2019	3,754.0	1.4	18,491	(0.8)
2020	3,853.5	2.7	17,982	(2.8)
2021	4,011.5	4.1	18,496	2.9
2022	4,023.3	0.3	19,346	4.6
2023	4,284.3	6.5	18,453	(4.6)
2024	4,612.5	7.7	16,823	(8.8)
2025	3,593.3	(22.1)	13,358	(20.6)

Source: U.S. Department of Commerce, Bureau of the Census.

Home Sales and Median Home Price

Year	Unit Home Sales	Change	Median Home	Change
2015	73,014	16.3%	$261,172	(0.6)%
2016	80,045	9.6	270,902	3.7
2017	82,851	3.5	282,433	4.3
2018	83,598	0.9	288,282	2.1
2019	88,115	5.4	303,099	5.1
2020	96,640	9.7	330,620	9.1
2021	107,397	11.1	363,214	9.9
2022	84,952	(20.9)	385,340	6.1
2023	67,900	(20.1)	399,678	3.7
2024	69,337	2.1	420,821	5.3
2025	65,098	(6.1)	432,672	2.8

Source: Maryland Association of Realtors.

Impact of Climate Change

Climate change is a relevant factor in the long-term value of real estate. Climate change is expected to result in higher sea levels and more extreme weather, threatening coastal property in particular. The State's Atlantic coastline is rather short relative to other East Coast states. However, as noted earlier, the State's boundaries encompass 1,726 square miles of the Chesapeake Bay (the "Bay"), the nation's largest estuary. The Bay coastline faces the twin challenges of rising sea levels and subsiding land. While property values are affected by contemporary flood risk, future expectations are factored into current prices. This means expectations that a property may become flood prone in the future will reduce its value to investors in the present. However, it is important to note that coastal properties are still more valuable than non-coastal properties on average and are expected to remain so because owners value the access to coastal amenities they provide.

The State continues to invest in several key initiatives aimed at mitigating the impacts of climate change, supporting coastal resilience, and protecting housing and infrastructure. Initiatives include: the Flood Management Program, the Ocean City Beach Replenishment Fund, the Shoreline Erosion Control Revolving Loan Fund, the Chesapeake and Atlantic Coastal Bays Trust Fund, and the Waterway Improvement Fund. State investments often leverage federal and local funds.

Taxable Retail Sales

In general, taxable retail sales include tangible goods and a few specific services, with notable exemptions for unprepared food and medicines, among others. Over time, consumption spending is shifting away from goods towards services, which are generally not taxable. This means the sales tax base is gradually becoming a smaller share of overall consumption spending. As a result, the State collects less sales tax per dollar of consumption spending over time. During the COVID-19 recession and recovery, spending shifted away from services and towards goods, to the benefit of taxable retail sales. The COVID-19 related shift to goods consumption has since unwound.

Recent regulatory and legislative changes broadened the sales tax base. Following the U.S. Supreme Court decision, South Dakota v. Wayfair Inc., Maryland requires remote sellers to collect and remit sales tax to the State even if they do not have a physical presence, or economic nexus, with the state, subject to certain thresholds.

The following table illustrates the change in taxable sales for fiscal years 2016 through 2025.

Taxable Retail Sales in Maryland
(includes automobile sales)
($ in thousands)

Year	Taxable Retail Sales	Change
2016	$87,778,479	3.5%
2017	89,627,253	2.1
2018	90,937,146	1.5
2019	94,489,166	3.9
2020	94,452,170	0.0
2021	105,823,349	12.0
2022	125,208,115	18.3
2023	126,486,366	1.0
2024	127,659,531	0.9
2025	132,311,612	3.6

Source: Comptroller of the Treasury, Bureau of Revenue Estimates.
Note: Includes sales and use tax base and motor vehicle excise tax base.

Other Economic Factors

Maryland has several areas of promising economic momentum intended to expand on the State's already diverse, knowledge-based, and technology focused economy.

Improvements to Transportation Infrastructure. Several upcoming and recent enhancements to the State's transportation infrastructure, including improvements to the Howard Street Tunnel, Frederick Douglas Tunnel, and Susquehanna River Bridge, will transform commercial and passenger rail service through the Baltimore area. These projects, which are bolstered by federal funding, are expected to (i) increase the number of containers handled by the Port of Baltimore, (ii) help to boost train speeds by nearly 80%, and (iii) generate thousands of jobs.

Other Recent Significant Investments. The fiscal year 2027 budget contains the following enhancements to grow Maryland's economy:

- $74 million in the quantum industry, accelerating commercialization investments and securing Maryland's position as a global quantum leader.
- $16 million in continued capitalization of the Sunny Day Fund. $48 million of the Fund balance will be used for conditional loans to Tradepoint TiL Terminal, LLC to assist the Company with the cost of constructing a new state-of-the-art container terminal to materially expand container handling capacity along the eastern seaboard at Tradepoint Atlantic in Baltimore County. The project will expand container handling capacity within the port by 70%, anticipated to elevate Baltimore from the 6th to the 3rd largest container port on the eastern seaboard.
- $15 million for AstraZeneca facility improvements and expansion in Frederick County and for construction of a new facility in Montgomery County, the first allocation of an 8-year, $116.6 million commitment. The

Frederick facility expansion will nearly double AstraZeneca's commercial manufacturing capacity, anticipated to create 200 highly skilled jobs and 900 construction roles. The new clinical manufacturing facility in Gaithersburg is anticipated to create an additional 100 jobs, retain 400 roles, and support 1,000 construction-related jobs.

- $10 million as part of a joint proposal with Prince George's County for a 6,000 seat Sphere facility at National Harbor, Maryland.
- Passage of the DECADE Act, which delivers a comprehensive economic development plan designed to make Maryland more business-friendly and position the state as a leader in industries of the future.
    - Extends and modernizes the Build Our Future Grant Program by providing matching grants of up to $2 million to support construction of innovative infrastructure in high-growth industries.
    - Revitalizes the Regional Institution Strategic Enterprise (RISE) Zone program, which leverages higher education and federal facility assets to attract businesses and create jobs.
    - Provides long-term tax credit certainty for businesses engaging in research, development, and security-related contract work.
    - Removes barriers to investment and aligns economic tools for maximum impact.

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EXHIBIT 1

FINANCIAL AND ACCOUNTING SYSTEM AND FINANCIAL STATEMENTS

Financial and Accounting System

The financial statements and other financial data contained in this Official Statement have been prepared in accordance with accounting principles generally accepted in the United States by the Office of the Comptroller.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Maryland for its annual comprehensive financial reports for fiscal years 1980 through 2024. In order to be awarded a Certificate of Achievement, a governmental unit must publish an annual comprehensive financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

In accordance with generally accepted accounting principles, these basic financial statements include Management's Discussion and Analysis, which provides a narrative overview and analysis of the State's financial activities. Furthermore, they include government-wide financial statements, (i.e., the statement of net position and the statement of activities), which provide both short-term and long-term information about the State's financial position. The statement of activities demonstrates the degree to which the direct expenses of a given function of the State's activities are offset by its program revenues. These statements provide statewide financial information distinguished between governmental activities, business-type activities and component units. Included with these statements are reconciliations between the entity-wide statements, prepared on the full accrual basis, and the fund level statements prepared on the modified accrual basis. In addition, there are reconciliations between the fund level and budgetary statements. Detailed information on these accounting policies is provided in the Management's Discussion and Analysis section and in Note 1 of the State's 2025 Annual Comprehensive Financial Report, "Notes to the Financial Statements."

State statutes require an audit of every unit of State government, including the Office of the Comptroller, by the Legislative Auditor at least every four years or more as determined by the Legislative Auditor. The Legislative Auditor is required to be, and is, a certified public accountant. The Legislative Auditor conducts fiscal, compliance, and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits usually are not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

The State maintains accounts on a budgetary basis for each program within an agency, and places strong reliance upon the checks, balances, and controls inherent in the constitutional budgetary system. Under constitutional and statutory requirements, a balanced State Budget must be adopted each year, and expenditures may not be made in excess of appropriations. Agencies must report on an object and program basis to the Office of the Comptroller which, in turn, reports to the Department of Budget and Management, which monitors compliance with the Budget. See "STATE FINANCES – Budgetary System." In addition, for year-end reporting purposes, the State converts its financial statements prepared on a budgetary basis to financial statements prepared in accordance with generally accepted accounting principles.

Although the accounts maintained by the State on a budgetary basis conform in many respects to accounting principles generally accepted in the United States, there are certain departures from these principles that are dictated by statutory requirements and historical practices. The principal departures are the classification of the State's principal funds and the timing of recognition of certain revenues, expenditures, and expenses.

The State's accounting system is maintained by the Comptroller in compliance with State law and in accordance with the State's budgetary funds. In addition to the accounting systems maintained by the Comptroller, certain individual agencies that are not subject to the State Budget maintain accounting systems that permit financial reporting on the basis of generally accepted accounting principles.

For the purpose of reporting its financial activities in accordance with generally accepted accounting principles, at the fund level the State records its activities in Governmental, Proprietary, and Fiduciary Fund types. See the State's 2025 Annual Comprehensive Financial Report, "Notes to the Financial Statements", Note 1. On a budgetary basis, the State reports its financial activities in the General, Special, Federal, Annuity Bond (Debt Service), Capital Projects, and Higher Education, Current Unrestricted and Current Restricted Funds.

The *General Fund* is the fund in which all general transactions of the State are recorded unless otherwise directed by law to be included in another fund. The General Fund includes most of the governmental operating assets, liabilities, revenues, and expenditures. To the extent that the Budget enacted by the General Assembly uses an estimated fund balance at the end of the current fiscal year, in establishing the Budget for the next succeeding year, that amount of General Fund balance existing at June 30 of the current fiscal year is recorded as designated to supplement the new year's Budget. See "STATE GOVERNMENT – Budgetary System."

The *Annuity Bond Fund* (Debt Service Fund) is used to account for all payments of debt service on general obligation bonds.

The *Capital Projects Fund is* a group of accounts, each set up for a particular legislated authorization. The proceeds of general obligation bonds, the transfers from the General Fund, and the expenditures of the funds obtained thereby (which are almost entirely for capital projects) are accounted for in each of the accounts.

The *Federal Funds* are used to account for most grants from the federal government.

The *Special Funds* include the transportation activities of the State, including related indebtedness, except for federal transportation grants, which are accounted for in Federal Funds. In addition to the transportation activities, transactions related to dedicated funds, such as fishery and wildlife funds and shared taxes, are recorded in Special Funds.

The *Higher Education, Current Unrestricted and Current Restricted Funds* are used to account for higher education activities. Higher Education, Current Unrestricted and Current Restricted Funds include all revenues used or available for carrying out the current operations of the State's universities and colleges.

Under budgetary reporting, revenues generally are recognized when cash is received except for (i) significant self-assessed taxes, which are recorded in the period to which they apply, and (ii) federal grants, which are recorded when earned. Expenditures generally are recorded when cash is disbursed or upon the approval of encumbrances against appropriations. At the fund level under generally accepted accounting principles, revenues generally are recognized when earned, subject in certain cases to their availability to fund appropriations. Expenditures and expenses are recognized when liabilities are incurred, subject to certain modifications for interest and principal on general long-term debt, retirement costs, other post-employment benefits, compensated absences, pollution remediation, and claims and judgments. See the State's 2025 Annual Comprehensive Financial Report, "Notes to the Financial Statements", Note 2 for further information concerning the significant accounting policies employed by the State in preparing its financial statements in accordance with accounting principles generally accepted in the United States.

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A summary of the effects of fund structure and timing difference on the General Fund balances between the budgetary basis and generally accepted accounting principles basis for fiscal years 2024 and 2025 follows.

Summary of Effects of Fund Structure and Timing Difference on General Fund Balances Budgetary versus GAAP Bases
($ in thousands)

	2024	2025
Year end fund balance on budgetary basis	$4,785,183	$3,753,640
Fund structure reclassifications	9,389,892	7,757,541
Adjustments to the budgetary accounting system:		
Cash and cash equivalents	223,015	(83,143)
Investments	334,574	(98,370)
Accounts receivable	255,343	(156,335)
Other assets	(489,226)	10,510
Accounts payable and accrued liabilities	(3,228,037)	(3,013,776)
Deferred revenue	398,467	599,365
Year end fund balance on generally accepted accounting principles basis	$11,669,211	$8,769,432

Financial Statements

The Annual Comprehensive Financial Report ("ACFR") of the State, including the audited Basic Financial Statements, for the fiscal year ended June 30, 2025, has been filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system and is obtainable from them in accordance with their procedures. The State's 2025 ACFR is also posted on the Comptroller of Maryland's website and can be accessed at https://www.marylandcomptroller.gov/reports/annual-comprehensive-financial-report-acfr.html

The following reports, each of which are included in the State's 2025 ACFR and have been posted online at the web address above, are incorporated herein by reference:

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INDEPENDENT PUBLIC ACCOUNTANTS REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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- Statement of Net Position
- Statement of Activities

Governmental Funds Financial Statements
- Balance Sheet
- Reconciliation of the Governmental Funds' Balance to the Statement of Net Position, Net Position Balance
- Statement of Revenues, Expenditures, and Changes in Fund Balances
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Enterprise Funds Financial Statements
- Statement of Fund Net Position
- Statement of Revenues, Expenses and Changes in Fund Net Position
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Fiduciary Funds Financial Statements
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Component Units Financial Statements
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Schedule of Revenue and Expenditures and Changes in Funds Balances – Budget and Actual (Special and Federal Funds)
Reconciliation of the Budgetary General and Special Fund, Fund Balances to the GAAP General and Special Revenue Fund, Fund Balances
Schedule of Employer Contributions for Maryland State Retirement and Pension System
Schedule of Employer Net Pension Liability for Maryland State Retirement and Pension System
Schedule of Employer Contributions for Maryland Transit Administration Pension Plan
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Notes to Required Supplementary Information – Budgeting and Budgetary Control

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EXHIBIT 2

SUPPLEMENTARY DEBT INFORMATION

GENERAL OBLIGATION BONDS

General Obligation Bonds Issued and Outstanding

The following table shows the principal amounts of outstanding general obligation bonds and authorized and unissued amounts at the end of each fiscal year shown.

General Obligation Bonds
Issued and Outstanding and Authorized but Unissued
($ in thousands)

As of June 30	Issued and Outstanding	Authorized but Unissued
2017	$9,334,205	$2,406,265
2018	9,479,407	2,399,142
2019	9,606,909	2,507,805
2020	9,772,468	2,482,652
2021	9,912,930	2,572,652
2022	10,588,592	2,332,417
2023	10,001,237	3,166,517
2024	10,195,238	3,703,462
2025	9,954,098	4,693,595
June 30, 2026	9,730,607	5,650,247
Current Sale		
Pro Forma		

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Debt Service Requirements on General Obligation Bonds

The following tables show debt service requirements for all general obligation bonds of the State for all current and future fiscal years: (1) as of June 30, 2026; and (2) after giving effect to the issuance of the Bonds. Not included is debt service on general obligation bonds for which cash and United States government obligations sufficient to provide fully for the timely payment of principal, interest, and applicable redemption premium are being held in escrow funds.

Debt Service Requirements on General Obligation Bonds
Actual - General Obligation Bonds Outstanding as of June 30, 2026
($ in thousands)

Fiscal Year	Principal	Gross Interest	Gross Debt Service	Interest Subsidy[(a)]	Net Debt Service
2027[(b)]	$1,040,898	$438,685	$1,479,583	$(824)	$1,478,759
2028	1,024,838	395,864	1,420,702	(201)	1,420,501
2029	1,017,558	349,588	1,367,146	-	1,367,146
2030	977,410	302,315	1,279,725	-	1,279,725
2031	923,212	259,354	1,182,566	-	1,182,566
2032	805,164	217,517	1,022,681	-	1,022,681
2033	773,192	181,011	954,203	-	954,203
2034	697,125	147,530	844,655	-	844,655
2035	625,835	117,018	742,853	-	742,853
2036	542,975	88,523	631,498	-	631,498
2037	461,475	63,289	524,764	-	524,764
2038	309,200	42,047	351,247	-	351,247
2039	282,125	26,586	308,711	-	308,711
2040	168,490	12,480	180,970	-	180,970
2041	81,110	4,056	85,166		85,166
Total[(c)]	$9,730,607	$2,645,860	$12,376,467	$(1,025)	$12,375,442

Debt Service Following Issuance of 2026 Second Series Bonds
($ in thousands)

Fiscal Year	Principal	Gross Interest	Gross Debt Service	Interest Subsidy[(a)]	Net Debt Service
2027[(b)]	$	$	$	$	$
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
Total[(c)]	$	$	$	$	$

(a) Interest Subsidy is the original Federal Subsidy for certain qualified bonds. Due to federal budget sequestration, federal direct pay subsidies to the State for ARRA Bonds have been subject to reductions since March 1, 2013.

(b) Includes debt service paid between June 30, 2026 and the issuance of the 2026 Second Series Bonds.

(c) Totals may not add due to rounding.

MARYLAND STADIUM AUTHORITY

As of June 30, 2026, the Maryland Stadium Authority has outstanding leases revenue bonds as follows:

Authority Lease Revenue Bonds

Leased Facility	**Lessee**	**Principal Amount of Authority Subject to Appropriation Lease Revenue Bonds Outstanding as of June 30, 2026** ($ in millions)
Oriole Park at Camden Yards	State of Maryland	$34.4
Ocean City Convention Center	State of Maryland	17.6
Hagerstown Multi-Use Sports and Events Facility	State of Maryland	54.3

Authority Revenue Bonds Secured by Pledge of State Lottery Revenues

The Maryland Stadium Authority has issued several series of its subject to appropriation revenue bonds secured by a pledge of State lottery revenues. Each fiscal year, the Comptroller is required to deposit, subject to certain conditions, an amount of lottery revenues to the respective financing fund pledged to the repayment of such bonds. As of June 30, 2026, the outstanding subject to appropriation revenue bonds secured by a pledge of state lottery revenues are as follows:

Project	**Principal Amount** (in millions)	**Annual Required Lottery Revenue Deposit**
Oriole Park at Camden Yards	$320.4	Fiscal Year 2026: $40.9 million Fiscal Years 2027-2039: $41.64 million Thereafter: $45.0 million
Ravens Stadium	387.8	Fiscal Year 2026: $34.9 million Thereafter: $45.0 million
Sports Entertainment Facilities	204.7	Amount not to exceed $25.0 million
Baltimore City Public Schools	932.2	$20 million
Pimlico Race Course	245.8	Fiscal Year 2026: At least $17 million Thereafter: $29 million

Authority Revenue Bonds Secured by Pledge of Transfers from State's Education Trust Fund

The Authority has issued its Built to Learn Revenue Bonds to finance capital projects related to the State's Built to Learn statewide public schools program. Under the Built to Learn Act, at least $60.0 million and up to $127.0 million beginning fiscal year 2025, from the State of Maryland's Education Trust Fund is to be deposited (the "ETF Deposit") into a financing fund. From the ETF Deposit $100 million will support repayment of Authority's Built to Learn Revenue Bonds and $27 million will be deposited into the Prince George's County Public-Private Partnership Fund established under § 4-126.2 of the Education Article (EA) subject to the terms and conditions of EA § 4-126. The aggregate principal amount of the Authority's Built to Learn Revenue Bonds outstanding as of June 30, 2026 totaled $993.9 million.

STATE TAX-SUPPORTED LEASE AND CONDITIONAL PURCHASE FINANCINGS

The following table shows the State tax-supported capital lease and conditional purchase financings, broken down by State agency the facilities financed, and the principal amount outstanding.

Lease and Conditional Purchase Financings Outstanding

State Agency	Facilities Financed	Principal Amount Outstanding as of June 30, 2026 ($ in thousands)
Department of Transportation	MAA Shuttle Buses	$14,365.0
Maryland Transportation Authority	State office parking facility	8,769.0
Department of General Services	Prince George's County Justice Center	5,502.0
Department of Health	Public Health Lab	61,945.0
Department of Health	Headquarters	213,260.0
Various State Agencies	Energy performance projects	14,536.6[(a)]
Various State Agencies	Communications, data processing, and other equipment	12,019.4
Total		$330,397.0

[(a)] This includes all Energy Performance Contract ("EPC") lease financings. As of June 30, 2026, $14.4 million of the outstanding EPC lease financings had guaranteed energy savings equal to or greater than corresponding lease debt service. The Capital Debt Affordability Committee ("CDAC") does not include such EPC lease financings in the calculation of total tax-supported debt outstanding.

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REVENUE AND ENTERPRISE FINANCINGS

Revenue and Enterprise Financings Outstanding as of June 30, 2026[(a)]

The following table shows, by issuing agency, certain revenue and enterprise non-tax-supported debt outstanding, the facilities financed, and the sources of repayment of the debt.

Agency	Facilities Financed	Source of Repayment	Principal Amount Outstanding as of June 30, 2026 ($ in thousands)
Higher Education			
University System of Maryland	Academic facilities, Student Housing, parking facilities, and equipment	Tuition and auxiliary enterprise facilities revenues	$984,440.0
	Communication, data processing, and other equipment	Operating revenues	29,278.2
St. Mary's College of Maryland	Student housing/campus center and athletic facility	Academic fees and auxiliary facilities fees	29,115.0
Morgan State University	Academic facilities, Student Housing, parking facilities, and equipment	Tuition and auxiliary enterprise facilities revenues	103,214.0
Department of Housing and Community Development			
Community Development Administration	Mortgage and construction loans	Mortgage repayments and sales	6,706,925.3
	Loans to local governments for infrastructure projects	Loan repayments	228,515.0
Maryland Environmental Service	Landfill projects	Tipping fees	40,551.0
	Equipment	Operating revenues	0
Maryland Transportation Authority	Bridges, tunnels, and highways	Tolls	2,016,860.4
	Car rental facility at BWI Marshall Airport	Customer facility charges	49,490.0
	Improvements at BWI Marshall Airport	Passenger facility charges	132,050.0
Maryland Department of Transportation			
Maryland Aviation Administration	BWI renovations, de-icing ramp	Lease revenues	0
	BWI Marshall Airport Piers A&B and parking garage (b)	Airport operating revenues	139,275.0
	BWI Marshall Airport A/B Connector and Baggage Handling System	Airport operating revenues	190,485.0
	BWI Marshall Airport A/B Connector and Baggage Handling System	Airport operating revenues	219,755.0
Maryland Transit Administration	MARC rail station parking garage	Parking revenues	0
Total			$10,869,953.9

(a) The table does not include (i) debt of certain authorities that, under criteria prescribed by the Governmental Accounting Standards Board, are not considered State entities for financial reporting purposes including debt described in this APPENDIX A, under "Maryland Stadium Authority" or (ii) debt for which United States government obligations sufficient to provide fully for the timely payment of principal, interest, and applicable redemption premium are being held in escrow funds.

(b) Financings of the BWI Marshall Airport Piers A & B by the Maryland Economic Development Corporation and of a BWI Marshall Airport parking garage by the Maryland Transportation Authority were refunded in February 2021;

EXHIBIT 3

SUPPLEMENTARY REVENUE SCHEDULES

STATE OF MARYLAND

Comparison of Combined General, Special, Federal, and Higher Education Funds
Revenue Estimates and Collections

($ in millions)

The following table shows, on a net budgetary basis, a comparison between the original revenue estimate (made 19 months before the end of the fiscal year), the revised revenue estimate (made seven months before the end of the fiscal year and reviewed four months before the end of the fiscal year), and the actual revenue collections for the combined General, Special, Federal, and Higher Education Funds for each of the four fiscal years ended June 30.

	Fiscal Year 2022			Fiscal Year 2023			Fiscal Year 2024			Fiscal Year 2025		
	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Revised Estimate	Actual Collections
Income Taxes	$12,813.9	$14,612.6	$15,689.3	$14,837.6	$15,663.6	$15,756.5	$16,774.0	$15,998.6	$16,088.4	$16,714.2	$16,814.1	$17,028.7
Sales and Use Taxes	5,447.2	6,317.4	6,583.7	6,393.4	6,717.9	6,705.6	7,030.1	6,786.3	6,754.0	6,963.4	6,934.5	6,973.4
Motor Vehicle User Taxes, Fees	2,733.2	2,787.6	2,919.5	3,037.4	3,257.5	3,112.1	3,534.5	3,496.8	3,219.8	3,552.1	6,419.8	3,445.7
Property, Franchise, Excise Taxes	2,582.6	2,876.0	2,949.3	2,922.4	2,953.3	2,913.3	3,034.1	3,080.5	2,868.7	2,993.4	2,884.6	3,091.5
Sundry Fees, Licenses, Charges	10,175.7	5,086.2	9,535.9	5,492.7	6,244.3	10,324.3	6,676.6	7,452.2	12,673.2	7,256.7	5,430.3	13,026.9
Federal	15,383.1	25,261.1	25,103.3	17,595.0	20,706.8	20,286.7	18,981.6	19,723.6	19,501.5	19,352.2	20,252.8	19,986.4
Total[(a)]	$49,135.6	$56,940.8	$62,781.0	$50,278.5	$55,543.3	$59,098.5	$56,031.0	$56,537.9	$61,105.6	$56,831.9	$58,736.1	$63,552.7

(a) Totals may not add due to rounding.

Note: The estimates and actuals exclude transfers and other actions appearing on page Ex. 3-3 as extraordinary transfers. Federal revenues are generally recognized to the extent related expenditures chargeable to the federal grant have been recognized.

STATE OF MARYLAND

Comparison of General Fund Revenue Estimates and Collections

($ in millions)

The following table shows, on a budgetary basis, a comparison between the original revenue estimate (made 19 months before the end of the fiscal year), the revised revenue estimate (made seven months before the end of the fiscal year and revised four months before the end of the fiscal year), and the actual revenue collections for each of the four years ended June 30.

	Fiscal Year 2022			Fiscal Year 2023				Fiscal Year 2024				Fiscal Year 2025
	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Original Estimate	Revised Estimate	Actual Collections	Original Estimate	Original Estimate	Revised Estimate	Actual Collections	Original Estimate
Income Taxes	$12,505.4	$14,144.0	$15,248.3	$14,441.7	$15,534.9	$15,285.5	$ 16,290.2	$ 15,469.8	$ 15,520.6	$16,168.0	$16,225.1	$16,442.0
Sales and Use Taxes	4,934.2	5,698.8	5,966.8	5,742.5	6,018.0	6,005.2	6,194.8	5,909.7	5,896.6	6,095.9	5,976.2	6,048.6
Motor Vehicle User Taxes, Fees	-	-	-	-	-	-	-	-	-	-	-	-
Property, Franchise, Excise Taxes	1,379.9	1,592.8	1,680.1	1,577.0	1,639.4	1,744.8	1,578.3	1,682.4	1,674.6	1,717.6	1,644.7	1,732.4
Sundry Fees, Licenses, Charges	941.5	979.9	1,082.2	966.1	457.3	565.1	963.4	1,520.5	1,693.9	857.1	1,264.8	1,400.8
Federal	47.3	58.7	67.1	61.7	62.3	72.1	63.2	63.2	77.0	80.0	84.3	92.0
Total[(a)]	$19,808.2	$22,474.3	$24,044.5	$22,789.0	$23,711.9	$23,672.7	$ 25,089.9	$ 24,645.6	$ 24,862.8	$24,918.7	$25,195.0	$25,715.7

Notes: The estimates and actuals exclude transfers and other actions appearing on page C-3 as extraordinary transfers. Federal revenues are generally recognized to the extent related expenditures chargeable to the federal grant have been recognized.

(a) Totals may not add due to rounding.

STATE OF MARYLAND

Summary of Revenues by Source[a]
($ in millions)

The following table shows, on a net budgetary basis, the trend of the operating revenues of the principal sources of funds of the State for the last four fiscal years ended June 30, and the March 11, 2026 estimate for the fiscal year ending June 30, 2026. See the footnotes to the summary table of revenues in "STATE REVENUES" for certain information essential to the evaluation of the following data.

	2022	2023	2024	2025	2026 (Estimate)
Income Taxes					
Individual[b]	$13,548.0	$13,469.5	$13,616.7	$14,565.2	$15,774.0
Corporation	2,141.2	2,287.0	2,471.7	2,463.5	2,183.8
Total	$15,689.3	$15,756.5	$16,088.4	$17,028.7	$17,957.8
Sales and Use Taxes	6,583.7	6,705.6	6,754.0	6,973.4	7,415.4
Motor Vehicle User Taxes, Fees					
Motor Vehicle Fuel Taxes	1,104.6	1,294.6	1,387.4	1,363.3	1,313.1
Motor Vehicle Licenses, Fees	793.7	790.0	781.4	977.2	1,295.2
Motor Vehicle Titling Tax	1,021.3	1,027.5	1,051.0	1,105.2	1,240.9
Total	$2,919.5	$3,112.1	$3,219.8	$3,445.7	$3,849.2
Property, Franchise, Excise Taxes					
Real Property Taxes	914.0	940.0	993.7	1,049.1	1,118
Property Transfer Tax	354.3	227.0	198.7	220.0	221.2
Business Franchise Taxes	264.4	272.4	280.1	306.2	286.3
State Tobacco Tax	479.2	448.7	405.1	458.3	389.0
Insurance Premium Tax	631.4	682.8	741.8	789.8	828.3
Tax on Distilled Spirits, Wine, Beer	39.1	37.2	34.1	39.2	39.5
Tax on Horse Racing	0.9	1.6	1.8	1.6	1.6
Death Taxes	266.1	303.7	213.4	227.3	584.5
Total	$2,949.3	$2,913.3	$2,868.7	$3,091.5	$3,468.2
Sundry Fees, Licenses, Service Charges					
University and College Receipts	4,958.9	5,032.9	5,491.9	5,830.9	6,012.1
Mass Transit, Port, Aviation Income	389.6	413.1	417.6	453.1	464.0
Sales, Rentals, Loan Repayments, Miscellaneous Taxes and Other Receipts	2,487.1	2,829.1	4,662.7	4,672.6	6,873.0
Interest on Invested Funds	49.0	312.5	379.8	358.7	275.0
District Courts Fines and Fees	41.3	38.6	37.3	38.9	37.9
State Lottery Receipts	768.6	819.9	801.1	767.4	791.6
Casino Receipts[c]	841.6	878.1	882.8	905.4	833.9
Total	$9,535.9	$10,324.3	$12,673.2	$13,026.9	$15,287.5
Federal Receipts	25,103.3	20,286.7	19,501.5	19,986.4	21,375.0
Extraordinary Revenues and Adjustments	-	-	-	-	-
Grand Total[d]	$62,781.0	$59,098.5	$61,105.6	$63,552.7	$69,353.1

(a) The estimated revenues include the General Fund estimate by the Board of Revenue Estimates in March 2026 and the general, federal and special funds authorized in the State budget as set forth in the fiscal year 2026 budget books.
(b) The State has recorded revenues from individual income taxes on a modified accrual basis.
(c) Inclusive of all State funds that benefit from casino operations, as well as facility license owner revenue.
(d) Totals may not add due to rounding.

STATE OF MARYLAND

Comparison of General Fund Revenues Collected
for the First Twelve Months of Fiscal Years 2022 to 2026
($ in millions)

The following table compares actual cash collections for the period from July 1 to June 30 during fiscal year 2026 with collections during that same period in the previous four fiscal years. The table does not reflect accruals.

	2022	2023	2024	2025	2026
Individual Income Tax[a]	$12,218.6	$12,820.7	$12,853.7	$13,867.4	$15,140.1
Corporate Income Tax[b]	1,729.4	1,876.4	1,878.0	1,834.9	1,729.4
Sales and Use Tax	5,428.8	5,506.8	5,371.8	5,472.3	5,807.3
State Lottery	634.9	651.6	659.7	521.6	532.5
Business Franchise Taxes	264.4	271.8	256.5	306.3	303.5
Tobacco Tax	473.8	444.3	399.2	354.0	259.5
Insurance Taxes and Fees	667.3	717.4	859.5	799.8	812.7
Alcoholic Beverage Taxes	32.2	32.8	31.2	34.7	35.0
Death Taxes	259.1	295.8	206.5	221.0	591.9
Clerks of Court	53.2	38.8	37.1	37.7	43.5
Transfer Tax	-	-	-	-	-
Sports Wagering	-	-	-	-	32.6
Hospital Patient Recoveries	6.2	7.7	6.9	6.2	6.4
Interest on Investments	25.1	212.5	307.8	254.8	267.3
District Court Fees	44.8	41.9	40.3	42.0	43.5
Miscellaneous	114.2	149.2	100.3	148.8	133.9
Total[c]	$ 21,952.2	$23,067.8	$23,008.5	$23,901.4	$25,739.0

(a) The State has recorded revenues from individual income taxes on a modified accrual basis.
(b) The Transportation Trust Fund receives a distribution from the corporate income tax. The distribution percentage varies from year to year.
(c) Totals may not add due to rounding.

STATE OF MARYLAND

General Fund Revenues
Needed to Meet Estimates During the Remainder of Fiscal Year 2026
($ in millions)

The following table compares: (1) the revenues needed by the end of July 31, 2026 (the accrual period), in order to meet the March 11, 2026 official estimate of revenues for fiscal year 2026 with (2) actual collections for that same period during the previous four fiscal years.

	2022	2023	2024	2025	2026
Individual Income Tax[a]	$1,329.4	$648.8	$763.0	$421.7	$484.8
Corporate Income Tax[b]	(29.1)	(60.4)	25.9	88.7	(86.6)
Sales and Use Tax	538.0	498.4	524.8	506.3	622.8
State Lottery	0.2	3.8	(4.7)	1.4	10.2
Business Franchise Taxes	0.0	0.6	23.7	(25.5)	(17.2)
Tobacco Tax	5.4	4.4	5.9	9.4	2.7
Insurance Taxes and Fees	(35.9)	(34.6)	(117.6)	(50.7)	15.6
Alcoholic Beverage Taxes	6.9	4.4	2.9	(0.3)	4.5
Death Taxes	6.9	7.9	6.9	(4.0)	(7.4)
Clerks of Court	(16.3)	(10.5)	(10.5)	(10.5)	(16.1)
Transfer Tax	-	-	-	-	25.0
Sports Wagering	-	-	-	-	(4.6)
Hospital Patient Recoveries	62.7	64.4	70.1	78.1	74.6
Interest on Investments	23.9	100.0	72.0	45.2	7.7
District Court Fees	(3.5)	(3.3)	(3.1)	(6.4)	(5.6)
Miscellaneous	217.7	181.1	345.0	190.2	269.2
Total[c]	$2,106.0	$1,404.9	$1,704.3	$1,243.6	$1,379.6

(a) The State has recorded revenues from individual income taxes on a modified accrual basis.
(b) The Transportation Trust Fund receives a distribution from the corporate income tax. The distribution percentage varies from year to year.
(c) Totals may not add due to rounding.

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APPENDIX B

FORMS OF OPINIONS OF THE ATTORNEY GENERAL OF MARYLAND AND BOND COUNSEL

FORM OF OPINION OF THE ATTORNEY GENERAL

(Date of Delivery)

Board of Public Works
State of Maryland
Annapolis, Maryland

Ladies and Gentlemen:

This opinion is rendered with respect to the $600,000,000* aggregate principal amount of the State of Maryland General Obligation Bonds, State and Local Facilities Loan of 2026, consisting of Second Series Tax-Exempt Bonds (the "Bonds"). The Bonds consolidate various State loans or installments thereof authorized by their enabling acts and amendments thereto (the "Enabling Acts") and are issued pursuant to §8-117 through 8-124, inclusive, of the State Finance and Procurement Article of the Annotated Code of the State of Maryland (2015 Replacement Volume, as amended) (the "Act" and together with the Enabling Acts, the "Acts"). The Bonds are being issued in fully registered form in denominations of $5,000 each or any integral multiple thereof, dated the date of their issuance and delivery, and bear interest and mature as set forth in the Bonds. The Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Bonds.

The Bonds are being issued in accordance with the resolutions of the Board of Public Works of the State of Maryland (the "Board") adopted on August 5, 2026 and September 2, 2026 (collectively, the "Resolutions").

This Office has reviewed the Acts, the Resolutions and such other legal opinions and the originals or certified copies of such resolutions, documents, records and other proofs as we deemed pertinent.

As to questions of fact material to this opinion, without undertaking to verify the same by independent investigation, this Office has relied upon the certified proceedings of the Board and certifications by public officials. This examination has been limited to the foregoing as they exist or are in effect as of the date hereof. This opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

No opinion is expressed as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, and no opinion is expressed regarding the federal income taxation of the interest payable on the Bonds.

Based on the foregoing, we are of the opinion as of the date hereof and under existing law that:

(a) The Bonds have been duly authorized for issuance by the Board for the valid public purposes stated in the Acts.

(b) The Bonds have been lawfully issued and constitute valid and binding general obligations of the State of Maryland to the payment of which, as to both principal and interest, the full faith and credit and taxing power of the State are unconditionally pledged.

(c) By the terms of the Act, the Bonds, the transfer of the Bonds, the interest payable on the Bonds, and any income derived from the Bonds, including profit realized in the sale or exchange of the Bonds, are exempt from State or local taxes; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer, or the income therefrom.

(d) The Continuing Disclosure Agreement dated the date hereof executed by the Board has been duly authorized, executed and delivered by the Board and is a legal, valid and binding agreement of the State, enforceable against it in accordance with the terms thereof.

In rendering this opinion, we wish to advise you that the rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

Very truly yours,

Anthony G. Brown
Attorney General

Scott Walchak
Assistant Attorney General

FORM OF OPINION OF BOND COUNSEL

(Date of Delivery)

Board of Public Works
State of Maryland
Annapolis, Maryland

Ladies and Gentlemen:

This opinion is rendered with respect to the $600,000,000* aggregate principal amount of the State of Maryland General Obligation Bonds, State and Local Facilities Loan of 2026, consisting of Second Series Tax-Exempt Bonds (the "Bonds"). The Bonds consolidate various State loans or installments thereof authorized by their enabling acts and amendments thereto (the "Enabling Acts"), and are issued pursuant to §8-117 through 8-124, inclusive, of the State Finance and Procurement Article of the Annotated Code of the State of Maryland (2015 Replacement Volume, as amended) (the "Act" and together with the Enabling Acts, the "Acts"). The Bonds are being issued in fully registered form in denominations of $5,000 each or any integral multiple thereof, dated the date of their issuance and delivery, and bear interest and mature as set forth in the Bonds. The Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the Bonds.

The Bonds are being issued in accordance with the resolutions of the Board of Public Works of the State of Maryland (the "Board") adopted on August 5, 2026 and September 2, 2026 (the "Resolutions").

The Board, on behalf of the State of Maryland, has covenanted in a Tax Compliance Certificate executed in connection with the issuance of the Bonds that it will comply with the requirements of §148 of the Internal Revenue Code of 1986, as amended (the "Code") pertaining to arbitrage bonds and stating the reasonable expectations of the Board with respect to the proceeds on the date of issue of the Bonds. The Board will cause to be filed with the Internal Revenue Service reports of the issuance of the Bonds as required by §149(e) of the Code.

We have reviewed the Act, the Resolutions and such other legal opinions and the originals or certified copies of such resolutions, documents, records and other proofs as we deemed pertinent.

As to questions of fact material to our opinion, without undertaking to verify the same by independent investigation, we have relied upon the certified proceedings of the Board and certifications by public officials. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination of the foregoing, we are of the opinion as of the date hereof and under existing statutes, regulations and decisions, as follows:

(a) The Bonds have been duly authorized for issuance by the Board for the valid public purposes stated in the Act.

(b) The Bonds have been lawfully issued and constitute valid and binding general obligations of the State of Maryland to the payment of which, as to both principal and interest, the full faith and credit and taxing power of the State are unconditionally pledged.

(c) By the terms of the Act, the Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in the sale or exchange thereof, will be exempt from State of Maryland taxes and local taxes within the State of Maryland; no opinion is expressed as to estate or inheritance taxes, or any other taxes not levied or assessed directly on the Bonds, their transfer, or the income therefrom.

(d) Assuming compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes. It is noted that under the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds, in order that the interest thereon be excludable from gross income. These include the following: (i) a requirement that certain investment earnings received from the investment of the proceeds of the Bonds be rebated to the United States of America under certain circumstances (or that certain payments in lieu of rebate be made); (ii) other requirements applicable to the investment

of the proceeds of the Bonds; and (iii) other requirements applicable to the use of the proceeds of the Bonds and the facilities financed or refinanced with such proceeds. Failure to comply with one or more of these requirements could result in the inclusion of the interest payable on the Bonds in gross income for federal income tax purposes, effective from the date of their issuance. The State has covenanted to take such other actions as may be required to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds. It is our opinion that, assuming compliance with such covenants, the interest on the Bonds will remain excludable from gross income for federal income tax purposes under the provisions of the Code.

(e) Interest on the Bonds is not includable in the alternative minimum taxable income of individuals as an enumerated item of tax preference or other specific adjustment; however, interest on the Bonds will be part of the adjusted financial statement income in computing the alternative minimum tax on applicable corporations. Interest on the Bonds will be subject to the branch profits tax imposed by the Code on certain foreign corporations engaged in a trade or business in the United States of America. We express no opinion regarding other federal tax consequences relating to the ownership or disposition of, or the accrual of receipt of interest on, the Bonds.

In rendering our opinion, we advise you that:

1. The rights of the holders of the Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

2. We express no opinion herein as to the accuracy, adequacy or completeness of any offering material relating to the Bonds.

3. Except as set forth above, we express no opinion regarding any other tax consequences relating to the ownership or disposition of the Bonds.

4. In rendering the opinions herein (excluding the opinions set forth in paragraphs (d) and (e) for which the Attorney General expresses no opinion), we have relied, with permission, on the legal opinions of the Attorney General.

This opinion is addressed to, and is solely for the benefit of, the Board and may not be relied upon by any other person without our express written consent.

Very truly yours,

[to be signed by "McKennon Shelton & Henn LLP"]

OFFICIAL NOTICE OF SALE

**$600,000,000*
STATE OF MARYLAND
General Obligation Bonds**

**State and Local Facilities Loan of 2026,
Second Series Tax-Exempt Bonds**

NOTICE IS HEREBY GIVEN that two separate electronic bids will be received in the manner described below, by the State of Maryland (the "State") for the purchase of two separate groups of bonds that together comprise all of the $600,000,000* State of Maryland General Obligation Bonds, State and Local Facilities Loan of 2026, Second Series Tax-Exempt Bonds (the "Second Series Bonds"), pursuant to resolutions of the Board of Public Works of Maryland (the "Board"). Each such group of the Second Series Bonds will include different non-overlapping maturities as set forth below (respectively, "Second Series Bidding Group 1 Bonds," "Second Series Bidding Group 2 Bonds," and collectively, the "Bidding Groups"). Bids for each Bidding Group will be received until the applicable time below:

Wednesday, September 2, 2026 (the "Sale Date")

Until 10:30 a.m. Local Annapolis, Maryland Time -- $322,310,000* Second Series Bidding Group 1 Bonds

Until 11:00 a.m. Local Annapolis, Maryland Time -- $277,690,000* Second Series Bidding Group 2 Bonds

(In each case, subject to postponement or cancellation in accordance with this Notice of Sale)
Electronic bids must be submitted through ***PARITY*** as described below.
No other form of bid or provider of electronic bidding services will be accepted.

The Second Series Bonds are more particularly described in the Preliminary Official Statement dated August 26, 2026 relating to the Second Series Bonds, (the "Preliminary Official Statement") available at the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"), www.emma.msrb.org, at www.stateofmarylandbonds.com and at the State's website, www.treasurer.state.md.us.

Consideration of the bids and the awards will be made by the Board on the Sale Date as set forth herein. The Board also reserves the right to make certain adjustments to the aggregate principal amount and the principal amounts of each maturity of the Second Series Bonds being offered, to eliminate maturities, to change the terms of the Second Series Bonds, to postpone the sale of the Second Series Bonds to a later date, to offer the Second Series Bonds in one or more series, or to cancel the sale of the Second Series Bonds as further described herein. See "Adjustment of Amounts and Maturities" and "Change or Cancellation of Sale Date and/or Date of Delivery and/or Other Terms."

THE SALE AND DELIVERY OF EACH BIDDING GROUP IS CONTINGENT UPON THE SALE AND DELIVERY OF THE OTHER BIDDING GROUP.

Contact Information

STATE OF MARYLAND (ISSUER)
Rebecca Ruff, *Director of Debt Management*
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80 Calvert St.
Annapolis, MD 21401
Phone: (410) 260-4021
Email: rruff@treasurer.state.md.us

McKENNON SHELTON & HENN LLP (BOND COUNSEL)
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PUBLIC RESOURCES ADVISORY GROUP (FINANCIAL ADVISOR)
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I-DEAL/PARITY® (ELECTRONIC BIDDING PLATFORM)
Client Services
Phone: (212) 849-5024
Email: parity@i-deal.com

* Preliminary, subject to change.

Bidding Parameters Table*

INTEREST		**PRICING**	
Dated Date:	Date of Delivery	Max. Aggregate Bid Price for each Bidding Group:	Unlimited
Anticipated Date of Delivery:	September 16, 2026		
Interest Payment Dates:	March 1 and September 1		
First Interest Payment Date:	March 1, 2027	Min. Aggregate Bid Price for each Bidding Group:	100%
Coupon Multiples:	NA		
Maximum Coupon:	5%		
Minimum Coupon:	5%	Max. Reoffering Price (each maturity):	Unlimited
Maximum TIC:	N/A		
Maximum Difference Between Coupons:	N/A	Min. Reoffering Price (each maturity):	N/A
No Zero Coupon may be specified			
PRINCIPAL		**PROCEDURAL**	
Optional Redemption:	Second Series Bonds maturing on or before September 1, 2036 are not subject to redemption. Bonds maturing on or after September 1, 2037 are subject to redemption at par at any time on or after September 1, 2036 as a whole or in part.	Sale Date:	September 2, 2026
		Bidding Group 1 Sale Time:	10:30 a.m., Local Annapolis, Maryland Time
		Bidding Group 2 Sale Time:	11:00 a.m., Local Annapolis, Maryland Time
Maximum Post-bid Principal Increases to		Bid Submission:	Electronic bids through PARITY only
Each Maturity:	N/A	All or None for each Bidding Group?	Yes
Aggregate for Each Bidding Group:	15%	Bid Award Method:	Lowest True Interest Cost (as defined herein)
Maximum Post-bid Principal Reductions of			
Each Maturity:	N/A	Bid Confirmation:	Notification from State Treasurer
Aggregate for Each Bidding Group:	15%		
Term Bonds:	Two or more consecutive annual principal maturities in each Bidding Group may be designated as a term bond that matures on the maturity date of the last annual principal payment of the sequence.	Awarding of Bid:	On the Sale Date by the Board
		Good Faith Deposit for Bidding Groups 1 and 2:	Not Required

SPECIAL COMMENTS

The sale and delivery of each Bidding Group is contingent upon the sale and delivery of the other Bidding Group.

A Nonqualified Competitive Bid may require the winning bidder of the respective Bidding Group of the Second Series Bonds to hold the initial offering prices for certain maturities of the respective Bidding Group of the Second Series Bonds for up to five business days after the Sale Date, as further specified in the form of the Issue Price certification.

*If numerical or date references contained in the body of this Official Notice of Sale conflict with the Bidding Parameters Table, the Bidding Parameters Table of this Official Notice of Sale shall control. Consult the body of this Official Notice of Sale for a detailed explanation of the items contained in the Bidding Parameters Table, including interpretation of such items and methodologies used to determine such items.

Preliminary; subject to change.

Bond Amortization Schedule

As set forth below, the Second Series Bidding Group 1 Bonds maturing in years 2029 through 2036, inclusive, will be issued in serial or term bond form as designated by the successful bidder in its proposal, as described below. The principal of the Second Series Bidding Group 1 Bonds shall be payable in installments on the dates in the following years and in the following amounts:

$322,310,000* State and Local Facilities Loan of 2026, Second Series Bidding Group 1 Bonds

Maturing September 1	Principal Amount*
2029	$33,600,000
2030	35,320,000
2031	37,135,000
2032	39,035,000
2033	41,040,000
2034	43,145,000
2035	45,355,000
2036	47,680,000

As set forth below, the Second Series Bidding Group 2 Bonds maturing in years 2037 through 2041, inclusive, will be issued in serial or term bond form as designated by the successful bidder in its proposal, as described below. The principal of the Second Series Bidding Group 2 Bonds shall be payable in installments on the dates in the following years and in the following amounts:

$277,690,000* State and Local Facilities Loan of 2026, Second Series Bidding Group 2 Bonds

Maturing September 1	Principal Amount*
2037	$50,125,000
2038	52,695,000
2039	55,400,000
2040	58,240,000
2041	61,230,000

* Preliminary, subject to change.

The Second Series Bonds

Security

The Second Series Bonds are general obligations of the State, and its full faith and credit and taxing power are unconditionally pledged to the punctual payment of principal and interest on such Bonds when due and payable.

Use of Proceeds

The proceeds of the Second Series Bonds will be applied for a variety of public purposes, including the acquisition and construction of State facilities; capital grants to local governments for public schools, community colleges, and jails and correctional facilities; and grants to local governments, nonprofit institutions, and other entities for hospitals, cultural projects and other projects.

Description of the Bonds

General. The Second Series Bonds will be dated as of the Date of Delivery, expected to be on or about September 16, 2026, and will be in fully registered form in denominations of $5,000 each or any integral multiple thereof.

Interest on the Second Series Bonds will accrue from the Dated Date, and will be payable on March 1, 2027 and semiannually thereafter on each September 1 and March 1 until maturity or earlier redemption. The Second Series Bonds will mature on September 1 of each year as specified in the Bond Amortization Schedule above.

Term Bond Option. For each Bidding Group of the Second Series Bonds, bidders may designate in their proposal two or more consecutive annual principal maturities as a term bond that matures on the maturity date of the last annual principal payment of the sequence. Any term bond so designated shall be subject to mandatory sinking fund redemption in each year on the principal payment date and in the entire principal amount for each annual principal maturity designated for inclusion in such term bond. There is no limitation on the number of term bonds in each Bidding Group of the Second Series Bonds.

Form of Bonds. The Second Series Bonds shall be issued only in fully registered form without coupons. One bond representing each maturity of the Second Series Bonds in principal amount equal to the aggregate principal amount of such maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"), as registered owner of the Second Series Bonds, and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Second Series Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the bonds purchased. The winning bidder(s), as a condition to delivery of the Second Series Bonds, must consent that bond certificates will be deposited with DTC.

So long as the Second Series Bonds are maintained under a book-entry only system, the Bond Registrar and Paying Agent for the Second Series Bonds will be the Maryland State Treasurer (the "Treasurer") or any other Bond Registrar and Paying Agent designated by the Treasurer. All payments of the principal of and interest on the Second Series Bonds shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

Optional Redemption

Second Series Bonds maturing on or before September 1, 2036 are not subject to redemption. The Second Series Bonds maturing on or after September 1, 2037 are subject to redemption prior to maturity at par at any time on or after September 1, 2036 at the option of the State, as a whole or in part at any time on at least 20 days' notice and, if in part, in any order of maturity at the option of the State, at the redemption price of par, plus accrued interest, if any, to the redemption date.

Selection of Bonds for Redemption. If less than all of the redeemable Second Series Bonds shall be called for redemption, the particular Second Series Bonds to be redeemed shall be selected by the Paying Agent in such manner as, in its discretion, it shall determine, except that so long as DTC or its nominee is the sole registered owner of the Second Series Bonds, the particular Second Series Bond or portion to be redeemed shall be selected by DTC, in such manner as DTC shall determine.

Adjustment of Amounts and Maturities

Prior to Sale Date

Prior to the Sale Date, the Board may adjust the preliminary aggregate principal amount of the Second Series Bonds and of each Bidding Group and the preliminary principal amount and maturity of each serial installment of the Second Series Bonds and of each Bidding Group as set forth in this Official Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amounts", and collectively the "Preliminary Amounts"). In addition, if the Treasurer determines it to be in the best interests of the State, the Second Series Bonds may be issued in one or more series in amounts and maturities determined by the Treasurer. **ANY SUCH REVISIONS MADE PRIOR TO THE OPENING OF THE BIDS WILL BE PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN 9:00 A.M., LOCAL ANNAPOLIS, MARYLAND TIME, ON THE SALE DATE FOR THE SECOND SERIES BONDS.**

In the event that no such revisions are made prior to the opening of the bids, the Preliminary Amounts for each Bidding Group will constitute the Amounts. Bidders shall submit bids based on the Amounts, and the Amounts will be used to compare bids and select a winning bidder for each Bidding Group.

On Sale Date

After the opening of the bids for each Bidding Group, the Board may further adjust the Amounts of the Second Series Bonds (the "Final Amounts"). In determining the Final Amounts, the Board reserves the right to reduce or increase the Aggregate Principal Amount of the Second Series Bidding Group 1 Bonds up to fifteen percent (15%), and to reduce or increase the Aggregate Principal Amount of the Second Series Bidding Group 2 Bonds up to fifteen percent (15%). THE SUCCESSFUL BIDDER FOR EACH BIDDING GROUP MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THE LIMITS STATED ABOVE.

The dollar amount bid by the successful bidder for each Bidding Group will be adjusted to reflect any adjustments in the aggregate principal amount of the bonds for each Bidding Group. Such adjusted bid price will reflect changes in the dollar amount of the underwriters' discount and original issue discount/premium, if any, but will not change the selling compensation per $1,000 of par amount of the Second Series Bidding Group 1 Bonds and for the Second Series Bidding Group 2 Bonds from the selling compensation that would have been received based on the purchase price of the winning bid for each Bidding Group and the Initial Reoffering Prices (as defined below). The interest rate specified by the successful bidder for each Bidding Group using the price at which it will re-offer the Second Series Bonds of each maturity to the public (the "Initial Reoffering Prices") will not change. The Final Amounts and the adjusted purchase price for each Bidding Group of the Second Series Bonds will be communicated to the successful bidder as soon as possible, but not later than 9:00 a.m. (local Annapolis, Maryland time) on the day immediately following the Sale Date.

Change or Cancellation of Sale Date and/or Date of Delivery and/or Other Terms

The Board may cancel or postpone the sale of the Second Series Bonds prior to the Sale Date. Notice of a cancellation or postponement will be announced via the TM3 wire at *www.tm3.com*. Notice of any new date and time of sale will be announced at least 24 hours prior to the time bids are to be submitted and will specify changes in the principal amount or other features, if any.

The Board may change the scheduled delivery date, the dates of the semiannual interest payments and annual principal payments, the optional redemption date, the number of series offered or revise any other terms for the Second Series Bonds by notice given in the same manner as that set forth above.

Preliminary Official Statement; Continuing Disclosure

The State has deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for the omission of certain information permitted to be omitted by said Rule. As soon as practicable after the Sale Date, the State will publish a complete final Official Statement (the "Official Statement") that will contain this information. The State agrees to

deliver to each successful bidder for its receipt no later than seven business days after the Sale Date such quantities of the Official Statement as the successful bidder shall request, provided, that the State shall deliver up to 10 copies of such Official Statement without charge to each successful bidder.

The State has made certain covenants for the benefit of the holders from time to time of the Second Series Bonds to provide certain continuing disclosure, in order to assist bidders for the Second Series Bonds in complying with Rule 15c2-12(b)(5). Such covenants are described in the Preliminary Official Statement.

The State has complied in all material respects with its obligations under its existing Continuing Disclosure Agreements executed pursuant to Rule 15c2-12(b)(5) during the last five years.

Electronic Bidding

Bidders may only submit bids via PARITY

A prospective bidder may only bid electronically for each Bidding Group of the Second Series Bonds via PARITY pursuant to this Official Notice of Sale. By submitting its bid for each Bidding Group of the Second Series Bonds, a prospective bidder represents and warrants to the State that such bidder's bid for the purchase of such Bidding Group of the Second Series Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of such Bidding Group of the Second Series Bonds.

Additional information concerning bidding through the system may be directed to the PARITY Help Desk at (212) 849-5021.

Disclaimer. Each prospective electronic bidder shall be solely responsible to register to bid via PARITY. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access PARITY for the purpose of submitting its bid in a timely manner and in compliance with the requirements of the Official Notice of Sale. Neither the State nor PARITY shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the State nor PARITY shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The State is using PARITY as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the Second Series Bonds. The State is not bound by any advice and determination of PARITY to the effect that any particular bid complies with the terms of this Official Notice of Sale and in particular the "Bid Submissions" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via PARITY are the sole responsibility of the bidders, and the State is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the Second Series Bonds, such bidder should telephone PARITY New Issues Desk at (212) 849-5021 and notify the State's Treasurer's Office via email transmission to Rebecca Ruff, rruff@treasurer.state.md.us.

Electronic Bidding Procedures. Electronic bids must be submitted for the purchase of a Bidding Group of the Second Series Bonds (all or none) via PARITY. Bids will be communicated electronically to the State at 10:30 a.m. local Annapolis, Maryland time, on Wednesday, September 2, 2026, for the Second Series Bidding Group 1 Bonds, and at 11:00 a.m. local Annapolis, Maryland time, on Wednesday, September 2, 2026, for the Second Series Bidding Group 2 Bonds. Prior to the respective times for the bids, an eligible prospective bidder may (1) input the proposed terms of its bid via PARITY, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the respective Bidding Group of the Second Series Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via PARITY to the State each bid will constitute an irrevocable offer to purchase the respective Bidding Group of the Second Series Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the State, as described under "Basis of Award" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

Bid Submissions

Each bid must be in conformity with this Official Notice of Sale.

All bids must be delivered to the Board via PARITY, before **10:30 a.m.**, local Annapolis, Maryland time, on Wednesday, September 2, 2026, for the Second Series Bidding Group 1 Bonds, and before **11:00 a.m.**, local Annapolis, Maryland time, on Wednesday, September 2, 2026, for the Second Series Bidding Group 2 Bonds, at which times they will be received by the Board. As described above, the Board reserves the right to postpone the date for receipt of bids.

By submitting a bid for a Bidding Group of the Second Series Bonds, a bidder represents and warrants to the State that it has an established industry reputation for underwriting new issuances of municipal bonds.

All bids shall be for cash on delivery and shall be based on an offering to pay not less than 100% of the par value of the Second Series Bidding Group 1 Bonds, and not less than 100% of the par value of the Second Series Bidding Group 2 Bonds. Each bidder shall indicate in its bid the rate of interest to be paid on each maturity. All Second Series Bonds shall have a coupon of five percent (5.00%) per annum.

Minority Business Enterprise Participation

THE STATE STRONGLY ENCOURAGES EACH BIDDER FOR EACH BIDDING GROUP OF THE SECOND SERIES BONDS TO MAKE A GOOD FAITH EFFORT TO INCLUDE MINORITY BUSINESS ENTERPRISES IN THE SYNDICATE PURCHASING THE RESPECTIVE BIDDING GROUP OF THE SECOND SERIES BONDS. THE SUCCESSFUL BIDDERS WILL BE REQUESTED TO PROVIDE A LIST OF SYNDICATE MEMBERS WHICH IDENTIFIES THE MINORITY BUSINESS ENTERPRISE MEMBERS AND INDICATES THEIR PERCENTAGES OF PARTICIPATION.

Right of Rejection

For each Bidding Group of the Second Series Bonds, the Board expressly reserves the right (i) to waive any informalities, (ii) to reject all bids, any incomplete bid or any bid not fully complying with all of the requirements set forth herein, and (iii) to solicit new bids or proposals for the sale of the Second Series Bonds or otherwise provide for the public sale of the Second Series Bonds if all bids are rejected or the winning bidder defaults, including, without limitation, sale of each Bidding Group of the Second Series Bonds to one or more of the losing or rejected bidders without regard to their original bid or its relationship to any other bid.

Basis of Award

The sale and delivery of each Bidding Group is contingent upon the sale and delivery of the other Bidding Group.

Each Bidding Group of the Second Series Bonds will be awarded by the Board on the Sale Date to the bidder for each respective Bidding Group whose bid complies with this Official Notice of Sale and results in the lowest true interest cost ("TIC") to the State.

The lowest TIC for each Bidding Group will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments from the payment dates to the Date of Delivery of the Second Series Bonds and to the aggregate amount bid for the respective Bidding Group of the Second Series Bonds. If two or more responsible bidders have made bids resulting in the same lowest TIC to the State for the respective Bidding Group of the Second Series Bonds, the respective Bidding Group Bonds shall be awarded to one of such bidders based upon which bid was received first as determined by reference to the time stamp displayed on PARITY.

Preliminary Award; Reoffering Prices; Final Award

As promptly as reasonably practicable after the bids are received and reviewed, but not later than **1:00 p.m**. local Annapolis, Maryland time on the Sale Date (unless bids have been postponed or the sale has been cancelled), the Treasurer will notify the apparently successful bidder for each Bidding Group of the preliminary award (the "Preliminary Award") of the respective Bidding Group of the Second Series Bonds. The successful bidder of each Bidding Group of the Second Series Bonds shall make a bona fide public offering of all of the respective Bidding Group

and shall represent to the State that such offering is in compliance with all applicable securities laws of the jurisdictions in which such Bidding Group of the Second Series Bonds are offered. Within 30 minutes after being notified of the Preliminary Award of each Bidding Group of the Second Series Bonds, the successful bidder of each Bidding Group shall advise the State in writing (via e-mail transmission) to Rebecca Ruff, Monika Conley, and Daniel Forman at rruff@treasurer.state.md.us, mconley@pragadvisors.com and dforman@pragadvisors.com, respectively, of such Initial Reoffering Prices of such Bidding Group of the Second Series Bonds. The State will review the Initial Reoffering Prices for compliance with applicable securities laws prior to final confirmation of the award expected on the Sale Date**.**

The decision by the Board as to the award (the "Final Award") of each Bidding Group of the Second Series Bonds will be final. Bids may not be withdrawn prior to the Final Award.

Issue Price Determination

The State expects and intends that the bid for each Bidding Group of the Second Series Bonds will satisfy the competitive sale requirements under provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Second Series Bonds), including, among other things, receipt of bids for each Bidding Group of the Second Series Bonds from at least three underwriters, who have established industry reputations for underwriting new issuances of municipal bonds (a "Qualified Competitive Bid"). The State will advise the successful bidder of each Bidding Group of the Second Series Bonds as promptly as possible after the bids are opened whether the bid constitutes a Qualified Competitive Bid, or, in the alternative, a bid that fails to satisfy such requirements (a "Nonqualified Competitive Bid"). **It is noted that procedures for a Nonqualified Competitive Bid may require the winning bidder of the respective Bidding Group of the Second Series Bonds and, if applicable, other underwriters of the respective Bidding Group of the Second Series Bonds, to hold the initial offering prices for certain maturities of the respective Bidding Group of the Second Series Bonds for up to five business days after the sale date, as further specified in the form of such certification.**

Reoffering Price Certification

The successful bidder of each Bidding Group must deliver to the Board at closing an "issue price" or similar certificate setting forth the reasonably expected initial reoffering price to the public of the respective Bidding Group of the Second Series Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, if the bid constitutes a Qualified Competitive Bid or as Exhibit B, if the bid constitutes a Nonqualified Competitive Bid, with such modifications as may be appropriate or necessary, in the reasonable judgement of the respective successful bidder, the Board and Bond Counsel.

Good Faith Deposits

Good Faith Deposits for the Second Series Bidding Group 1 and Bidding Group 2 Bonds are not required.

Delivery and Payment

Delivery of the Second Series Bonds will be made by the State to DTC in book-entry only form, in Brooklyn, New York on or about the anticipated Date of Delivery, or on or about such other date as may be agreed on by the Treasurer and the successful bidder.

At the time of delivery of the Second Series Bonds, payment of the amount due for each Bidding Group of the Second Series Bonds must be made by the successful bidder of such Bidding Group to the order of the State in immediately available federal funds or other funds immediately available to the State, or by such other means as may be acceptable to the Treasurer. Any expense incurred in providing immediately available funds, whether by transfer of federal funds or otherwise, shall be borne by the successful bidder for each Bidding Group of the Second Series Bonds.

CUSIP Numbers; Expenses of the Bidder

It is anticipated that CUSIP numbers will be assigned to each of the Second Series Bonds, but neither the failure to type or print such numbers on any of the Second Series Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser(s) thereof to accept delivery of and pay for the Second Series Bonds. The policies of the CUSIP Service Bureau will govern the assignment of specific numbers to the Second Series Bonds. Public Resources Advisory Group as Financial Advisor will timely apply for CUSIP numbers with respect to the Second Series Bonds as required by MSRB Rule G-34. Each purchaser shall be responsible for the cost of assignment of such CUSIP numbers.

All charges of DTC and all other expenses of the successful bidder(s) will be the responsibility of the successful bidder(s) for the Second Series Bonds.

Tax Status, Legal Opinions, Closing Documents and No Litigation

It shall be a condition to the obligation of the successful bidder(s) to accept delivery of and pay for the Second Series Bonds that, simultaneously with or before delivery and payment for the Second Series Bonds, the bidder(s) without cost shall be furnished with (1) the approving opinions of the Attorney General of the State of Maryland ("Attorney General") and of McKennon Shelton & Henn LLP, Baltimore, MD, Bond Counsel, dated as of the Date of Delivery of the Second Series Bonds, substantially in the respective forms included as Appendix B to the Preliminary Official Statement; (2) a certificate of the Attorney General dated as of the Date of Delivery of the Second Series Bonds to the effect that there is no litigation pending or, to the best of his knowledge, threatened, that in any manner will affect the validity of the Acts under which the Second Series Bonds will be issued; (3) a copy of the Official Statement relating to the Second Series Bonds dated as of the Sale Date of the Second Series Bonds; (4) a certificate or certificates of the members of the Board to the effect that, to the best of their knowledge and belief (except for the reoffering information provided by the bidder and information regarding DTC and DTC's book-entry system provided by DTC, as to which no view will be expressed): (a) the Official Statement as of the Sale Date did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (b) between the Sale Date and the Date of Delivery of the Second Series Bonds, there has been no material adverse change in the financial condition or financial affairs of the State except as may have been disclosed in or contemplated by the Official Statement as of the Sale Date; and (5) the Continuing Disclosure Agreement substantially in the form included as Appendix E to the Preliminary Official Statement.

The opinions of the Attorney General and Bond Counsel will be delivered, upon request, to the purchaser(s) of the Second Series Bonds, without charge. A bidder may make the legality and validity of the Second Series Bonds one of the terms of the bid by making the bid "subject to legality," or using any equivalent form of expression, which shall be deemed to refer to the opinions of the Attorney General and Bond Counsel referred to above, but no bid should purport to leave this question to the decision of the bidder or its counsel. All bids conditioned upon the approval of the bidder or its counsel, whether named or unnamed, will be treated as conditional bids and will be rejected unless the condition is waived by the bidder to the satisfaction of the Board before the award has been made.

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Additional Information

This Official Notice of Sale is not a summary of the terms of the Second Series Bonds. Reference is made to the Preliminary Official Statement for a further description of the Second Series Bonds and the State. Prospective investors or bidders for the Second Series Bonds must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision. The Preliminary Official Statement is deemed final by the State as of its date for purposes of the Rule but is subject to revision, amendment and completion in a final Official Statement. Additional information concerning the matters discussed in this Official Notice of Sale and copies of the Preliminary Official Statement may be obtained online or by request from Rebecca Ruff, the State's Director of Debt Management, at rruff@treasurer.state.md.us or (410) 260-4021 or from Monika Conley or Daniel Forman, at, respectively, mconley@pragadvisors.com or (212) 380-5275 and dforman@pragadvisors.com or (212) 380–5283.

WES MOORE
Governor

BROOKE E. LIERMAN
Comptroller

DERECK E. DAVIS
Treasurer

Constituting the Board of Public Works of
the State of Maryland

Annapolis, Maryland
August 26, 2026

Exhibit A to Notice of Sale

FORM OF ISSUE PRICE CERTIFICATE
FOR QUALIFIED COMPETITIVE BID

$--------
STATE OF MARYLAND
General Obligation Bonds

State and Local Facilities Loan of 2026,
Second Series Tax-Exempt Bonds
Bidding Group --

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER], as the winning bidder (the "Purchaser"), in connection with the sale by the State of Maryland (the "Issuer") of its $------- aggregate principal amount of the State and Local Facilities Loan of 2026, Second Series Tax-Exempt Bonds maturing September 1 --- to September 1, ---- constituting Bidding Group – (the "Bonds"), hereby certifies as set forth below with respect to the sale of the Bonds to be issued by the Issuer.

1. Reasonably Expected Initial Offering Price.

As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public (defined below) by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities (defined below) of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. Defined Terms.

Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any three or more persons who have greater than 50 percent common ownership, directly or indirectly.

Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September --, 2026.

Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McKennon Shelton & Henn LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Exhibit A to Notice of Sale

[UNDERWRITER]

By:_____

Name:_____

Dated: September --, 2026

Exhibit A to Notice of Sale

SCHEDULE A

EXPECTED OFFERING PRICES

(*To be Attached*)

SCHEDULE B

COPY OF PURCHASER'S BID

(*To be Attached*)

Exhibit B to Notice of Sale

FORM OF ISSUE PRICE CERTIFICATE
FOR NONQUALIFIED COMPETITIVE BID

$--------
STATE OF MARYLAND
General Obligation Bonds

State and Local Facilities Loan of 2026,
Second Series Tax-Exempt Bonds
Bidding Group --

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER], as the winning bidder (the "Purchaser"), in connection with the sale by the State of Maryland (the "Issuer") of its $------- aggregate principal amount of the State and Local Facilities Loan of 2026, Second Series Tax-Exempt Bonds maturing September 1 --- to September 1, ---- constituting Bidding Group – (the "Bonds"), hereby certifies as set forth below with respect to the sale of the Bonds to be issued by the Issuer.

1. Sale of the General Rule Maturities. As of the date of this Certificate, for each Maturity of the General Rule Maturities, the first price at which 10% of such Maturity was sold by [NAME OF UNDERWRITER] to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) [NAME OF UNDERWRITER] offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, the [NAME OF UNDERWRITER] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to the foregoing, no Underwriter has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Defined Terms.

(a) General Rule Maturities means those Maturities of the Bonds shown in Schedule A hereto as the "General Rule Maturities."

(b) Hold-the-Offering-Price Maturities means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

(c) Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [NAME OF UNDERWRITER] has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) Issuer means the State of Maryland.

(e) Maturity means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this Certificate generally means any three or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) Sale Date means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September --, 2026.

(h) Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Compliance Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McKennon Shelton & Henn LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By:_____

Name:_____

Dated: September --, 2026

Exhibit B to Notice of Sale

SCHEDULE A

SALE PRICES OF THE GENERAL RULE MATURITIES

(*To be Attached*)

INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(*To be Attached*)

Exhibit B to Notice of Sale

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

(*To be Attached*)

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This **CONTINUING DISCLOSURE AGREEMENT** (this "Disclosure Agreement") dated as of September __, 2026 is executed and delivered by the State of Maryland (the "State") in connection with the issuance of its $600,000,000* General Obligation Bonds, State and Local Facilities Loan of 2026, Second Series, consisting of Second Series Tax-Exempt Bonds (the "Second Series Bonds"). The Second Series Bonds are sometimes referred to herein as the "Bonds." The Bonds are being issued pursuant to resolutions passed by the Board of Public Works (the "Board") on August 5, 2026, as amended and supplemented by resolution adopted on [September 2, 2026]. The State, intending to be legally bound hereby and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement.

This Disclosure Agreement is being executed and delivered by the State for the benefit of the owners and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The State's obligations hereunder shall be limited to those required by written undertaking pursuant to Rule 15c2-12.

Section 2. Definitions.

In addition to the definitions set forth above, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"**Continuing Disclosure Service**" shall mean the continuing disclosure service established by the Municipal Securities Rulemaking Board known as the Electronic Municipal Market Access ("EMMA") system.

"**Listed Events**" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"**Participating Underwriter**" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"**Rule 15c2-12**" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information, Operating Data and Audited Information.

(a) The State shall provide to the Continuing Disclosure Service, annual financial information and operating data as set forth in Schedule A to this Disclosure Agreement, such information and data to be updated as of the end of the preceding fiscal year and made available within 275 days after the end of the fiscal year, commencing with the fiscal year ending June 30, 2026.

(b) The State shall provide to the Continuing Disclosure Service, annual audited financial statements for the State, such information to be made available within 275 days after the end of the State's fiscal year, commencing with the fiscal year ending June 30, 2026, unless the audited financial statements are not available on or before such date, in which event said financial statements will be provided promptly when and if available. In the event that audited financial statements are not available within 275 days after the end of the State's fiscal year (commencing with the fiscal year ending June 30, 2026), the State will provide unaudited financial statements within said time period.

(c) Except as otherwise set forth in this paragraph (c), the presentation of the financial information referred to in paragraph (a) and in paragraph (b) shall be made in accordance with the same accounting principles as utilized in connection with the presentation of applicable comparable financial information included in the final official statement for the Bonds.

(1) The State may make changes to the presentation of the financial information required in paragraph (a) and paragraph (b) necessitated by changes in Generally Accepted Accounting Principles;

(2) The State may otherwise modify the presentation of the financial information required herein, provided that this Disclosure Agreement is amended in accordance with Section 6 hereof.

(d) If the State is unable to provide the annual financial information and operating data within the applicable time periods specified in (a) and (b) above, the State shall send in a timely manner a notice of such failure to the Continuing Disclosure Service.

Section 4. Reporting of Significant Events.

(a) This Section 4 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) modifications to rights of security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee, or the change of name of a trustee, if material;

(xv) incurrence of a financial obligation (as defined below) of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the State, any of which reflect financial difficulties.

The term "financial obligation" for purposes of the foregoing paragraph means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

(b) The State shall promptly, not in excess of 10 business days after the occurrence of a Listed Event, file a notice of such occurrence with the Continuing Disclosure Service.

Section 5. Termination of Reporting Obligation.

The State's obligations under this Disclosure Agreement shall terminate upon the payment in full of all of the Bonds either at their maturity or by early redemption. In addition, the State may terminate its obligations under this Disclosure Agreement if and when the State no longer remains an obligated person with respect to the Bonds within the meaning of Securities and Exchange Commission Rule 15c2-12.

Section 6. Amendment.

The State may provide further or additional assurances that will become part of the State's obligations under this Disclosure Agreement. In addition, this Disclosure Agreement may be amended by the State in its discretion provided that: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State as the obligated person with respect to the Bonds, or type of business conducted; (ii) the Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders of the Bonds, as determined by counsel selected by the State that is expert in federal securities law matters. The reasons for the State agreeing to provide any further or additional assurances or for any amendment and the impact of the change in the type of operating data or financial information being provided will be explained in information provided with the annual financial information containing the additional or amended operating data or financial information.

Section 7. Additional Information.

Nothing in this Disclosure Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is required by this Disclosure Agreement. If the State chooses to include any information in any disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the State shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure made pursuant to Section 4(a) or (b) hereof or notice of occurrence of a Listed Event.

Section 8. Law of Maryland.

This Disclosure Agreement, and any claim made with respect to the performance by the State of its obligations hereunder, shall be governed by, subject to, and construed according to the laws of the State of Maryland or the federal law.

Section 9. Limitation of Forum.

Any suit or other proceeding seeking redress with regard to any claimed failure by the State to perform its obligations under this Disclosure Agreement must be filed in the Circuit Court for Anne Arundel County, Maryland.

Section 10. Limitation on Remedies.

The State shall be given written notice at the address set forth below of any claimed failure by the State to perform its obligations under the Disclosure Agreement, and the State shall be given 45 days to remedy any such claimed failure. Any suit or other proceeding seeking further redress with regard to any such claimed failure by the State shall be limited to specific performance as the adequate and exclusive remedy available in connection with such action. Written notice to the State shall be given to the State Treasurer, Louis L. Goldstein Treasury Building, 80 Calvert Street, Annapolis, Maryland 21401, or at such alternate address as shall be specified by the State with disclosures made pursuant to Section 4(a) or 4(b) hereof or a notice of occurrence of a Listed Event.

Section 11. Relationship to Bonds.

The Disclosure Agreement constitutes an undertaking by the State that is independent of the State's obligations with respect to the Bonds; any breach or default by the State under this Disclosure Agreement shall not constitute or give rise to a breach or default under the Bonds.

Section 12. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the owners and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF this Continuing Disclosure Agreement is being executed by the Board of Public Works on behalf of the State of Maryland this September __, 2026.

STATE OF MARYLAND

By: _____
Wes Moore, Governor

By: _____
Brooke E. Lierman, Comptroller

By: _____
Dereck E. Davis, Treasurer

as Members of the Board of Public
Works of the State of Maryland

SCHEDULE A
TO APPENDIX D

(1) Summary of Outstanding Tax-Supported Debt.

(2) Summary of State Revenues and Expenditures.

(3) Summary of General Fund Balances.

(4) Summary of State Reserve Fund.

(5) Budget for Current Fiscal Year.

(6) Description of material litigation based on the accountant's report contained in the Comprehensive Annual Financial Report

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

Book-Entry Only System — General. The Depository Trust Company ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity of the Bonds in principal amount equal to the aggregate principal amount of the Bonds of such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of §17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures,

DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC, DTC's nominee, the Paying Agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and any premium to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or its Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Book-Entry Only System — Miscellaneous. The information in the Section "Book-Entry Only System — General" has been obtained from DTC. The State takes no responsibility for the accuracy or completeness thereof. The State will have no responsibility or obligations to DTC Participants or the persons for whom they act as nominees with respect to the payments to or the providing of notice to the DTC Participants, or the Indirect Participants, or Beneficial Owners. The State cannot and does not give any assurance that DTC Participants or others will distribute principal and interest payments paid to DTC or its nominees, as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or that DTC will serve and act in the manner described in this Official Statement.

Discontinuation of Book-Entry Only System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered. The State may also decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

In the event that the Book-Entry Only System is discontinued, the Bonds in fully certificated form will be issued as fully registered bonds without coupons in the denomination of $5,000 each or any integral multiple thereof. Such Bonds will be transferable only upon the registration books kept at the principal office of the Bond Registrar, by the registered owner thereof in person, or by an attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer in the form attached thereto and satisfactory to the Bond Registrar, and duly executed by the registered owner or a duly authorized attorney. Within a reasonable time of such surrender, the State shall cause to be issued in the name of the transferee a new registered bond or bonds of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the Bond surrendered and maturing on the same date and bearing interest at the same rate. The new bond or bonds shall be delivered to the transferee only after due authentication by an authorized officer of the Bond Registrar. The State may deem and treat the person in whose name a bond is registered as the absolute owner thereof for the purpose of receiving payment of or on account of the principal or redemption price thereof and interest due thereon and for all other purposes.

In the event that the Book-Entry Only System is discontinued, the Bonds may be transferred or exchanged at the principal office of the Bond Registrar. Upon any such transfer or exchange, the State shall execute and the Bond Registrar shall authenticate and deliver a new registered bond or bonds without coupons of any of the authorized denominations in an aggregate principal amount equal to the principal amount of the bond exchanged or transferred, and maturing on the same date and bearing interest at the same rate. In each case, the Bond Registrar may require payment by any holder of Bonds requesting exchange or transfer of Bonds of any tax, fee or other governmental charge, shipping charges and insurance that may be required to be paid with respect to such exchange or transfer, but otherwise no charge shall be made to the holder of Bonds for such exchange or transfer.

The Bond Registrar shall not be required to transfer or exchange any Bond after the mailing of notice calling such Bond or portion thereof for redemption as previously described; provided, however, that the foregoing limitation shall not apply to that portion of a Bond in excess of $5,000 which is not being called for redemption.