

FISCAL 2026



2nd Quarter Projection
February 2026

Fiscal 2026-2nd Quarter Summary

2nd Quarter Position=\$19.6 Million Surplus

Revenue

+\$48.1M
Surplus

+1.8%
Variance

Expenditures

-\$28.5M
Deficit

-1.1%
Variance

Revenue Highlights

- Projected revenue surplus up from \$9.8 million in the 1st Quarter driven by income and property tax revenues.

Expenditure Highlights

- Expenditure deficit up from \$12.4 million in the 1st Quarter due to public safety staffing costs, maintenance in Rec & Parks, and prior year invoicing in Transportation.

Snow Impact

- The projection does **not** include costs from the January snow event.
- BBMR is tracking these costs to evaluate the need for a potential supplemental; any supplemental budget action would be initiated before the end of the 3rd Quarter.





General Fund Revenue Summary



Brandon M. Scott
Mayor

General Fund Revenue-2nd Quarter Summary

Q2 Revenue Highlights

- **Income Tax-Improving:** Primary driver of the projected revenue surplus. Growth assumptions consistent with current State projections.
- **Property Tax-Improving:** Increase driven by taxable growth captured after the budget was finalized and improved personal property taxes from Public Utility assessments.
- **Recordation and Transfer Taxes-Improving:** Year-to-Date number of transactions has declined compared to prior year, but value of transactions is up (outlook improved compared to 1st Quarter).
- **Fiscal 2026 Assumed Revenue Increases-Worsening:** The projection assumes no new revenue will be realized from fine and fee increases proposed as part of the Fiscal 2026 budget (1st Quarter assumed partial year revenue).

Total Budget	\$2.607 Billion
2nd Quarter Projection	\$2.655 Billion
Variance	+\$48.1m/+1.8%

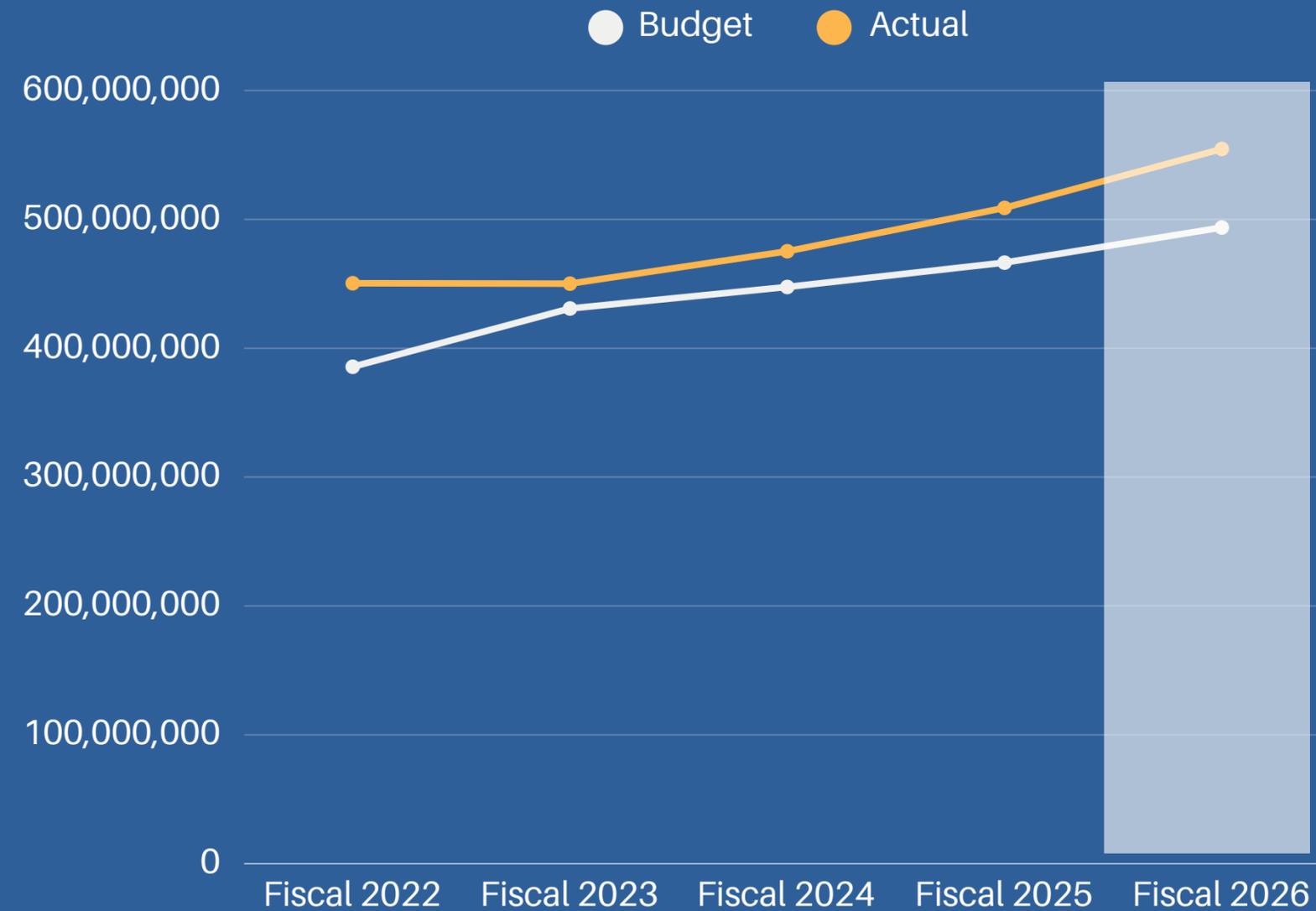


General Fund Revenue-2nd Quarter Summary

REVENUES	FY 2025 Yearend	FY 2026 Budget	FY 2026 Q1	FY 2026 Q2	Surplus/ (Deficit)
Local Taxes	\$1,853.0	\$1,910.5	\$1,910.9	\$1,961.7	\$51.2
State Collected Taxes	\$236.8	\$271.9	\$274.9	\$266.8	(\$5.1)
Licenses and Permits	\$37.9	\$38.2	\$37.0	\$33.5	(\$4.7)
Fines and Forfeits	\$33.4	\$39.2	\$40.2	\$36.5	(\$2.7)
Use of Money and Property	\$50.8	\$39.1	\$44.9	\$44.8	\$5.7
State Aid	\$101.7	\$101.4	\$101.4	\$101.4	\$0.0
Private and Federal Grants	\$0.2	\$0.1	\$0.1	\$0.1	\$0.0
Charges for Current Services	\$52.2	\$140.9	\$138.6	\$135.1	(\$5.8)
Other Revenues	\$21.8	\$6.2	\$6.2	\$14.5	\$8.3
Total Revenues Before Transfers	\$2,387.8	\$2,547.5	\$2,554.3	\$2,594.5	\$47.0
Net Transfers	\$5.9	\$5.8	\$8.1	\$7.0	\$1.1
Prior Year Fund Balance	\$74.6	\$54.0	\$54.0	\$54.0	\$0.0
Total General Fund	\$2,468.2	\$2,607.4	\$2,616.4	\$2,655.5	\$48.1



Income Taxes



Key Stats

Total Budget	\$493.7 Million
Q2 Projection	\$554.6 Million
Variance	+\$61.0 Million/+12.4%

Summary

- The projected surplus is driven by two factors: stronger than projected growth & unanticipated non-quarterly disbursements.

Growth Assumptions

- BBMR's projection is consistent with the current State projection. YTD growth has exceeded assumptions used in the budget.
 - Fiscal 2026 Budget Assumption: 2.4%
 - September 2025: 5.3%
 - December 2025: 5.9%

Non-Quarterly Disbursements

- YTD the City has received two payments to account for prior year disbursements, late filings, and late fees/penalties.
 - September: \$5.3 Million (Have not received a September disbursement since 2021)
 - November: \$11.2 Million

Income Tax Projection

City Share of Statewide Filings

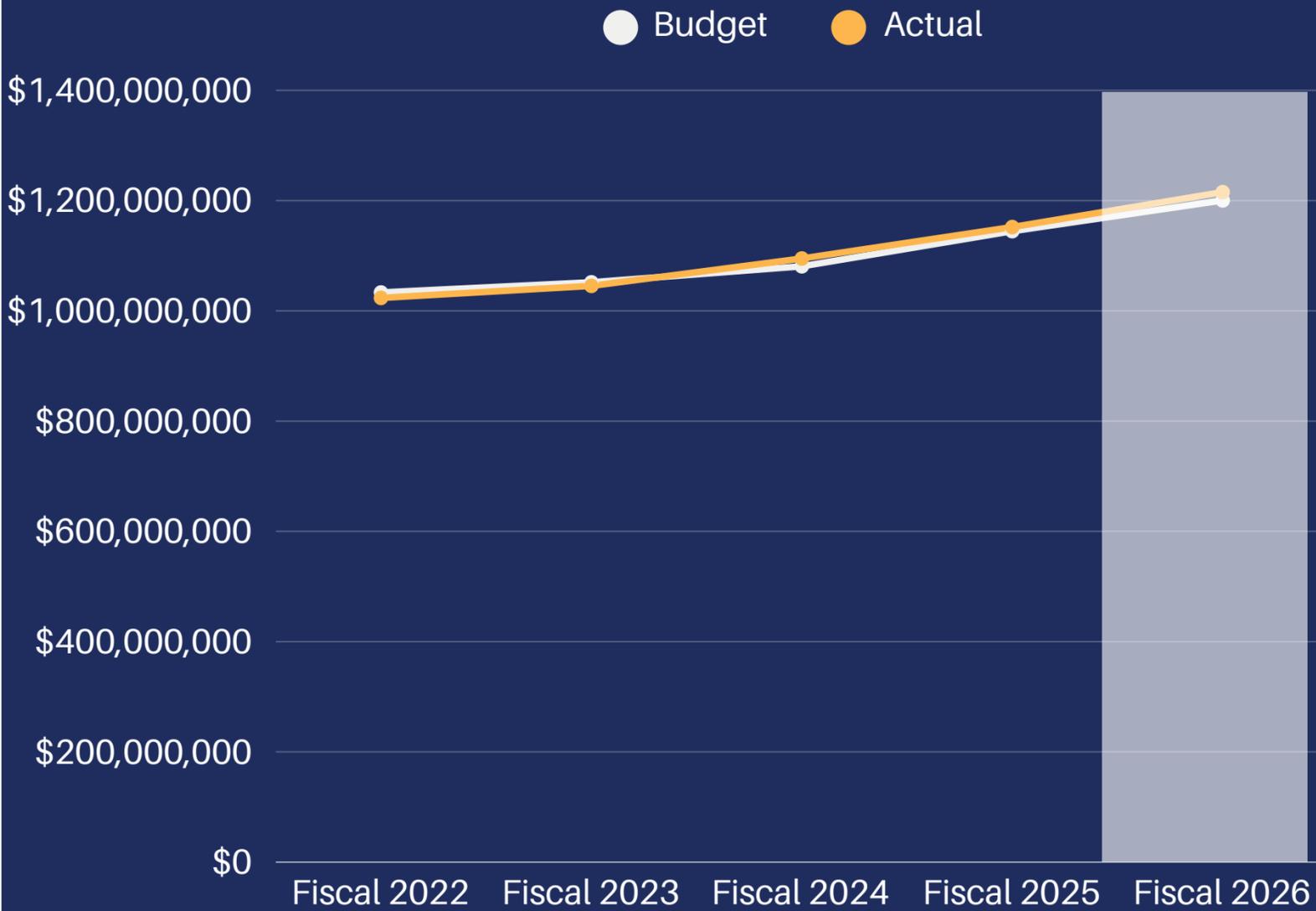
- The City represents a growing share of the overall income tax collected statewide. This growth is the product of strength in wages and relatively low unemployment in the City.
- Net Revenue Impact=\$13.1 Million

Other Factors

- Fiduciary Returns
 - Received twice per year
 - These disbursements have been consistently declining for past 2 years.
 - Projection assumes continuation of this trend in Fiscal 2026.
- Unallocated Disbursement
 - This allocation happens once per year in June.
 - The Fiscal 2025 allocation was abnormally high.
 - Updated projection is based on 5-year average.

	Distribution Factors	
	Fiscal 2025	Fiscal 2026
Statewide Projected Cash from Withholding and Est'd Payments	\$24.825B	\$24.825B
% of Receipts Allocated to Baltimore City	5.6%	5.8%
Estimated Allocation to Baltimore City	\$411.8M	\$424.9M
Additional Receipts		\$13.1M

Property Taxes



Key Stats

Total Budget	\$1.2 Billion
Q2 Projection	\$1.215 Billion
Variance	+\$15.1 Million/1.3%

Property Tax Components

	Budget	Q2 Projection
Real Property Tax	\$1,098.8M	\$1,103.8M
Personal Property Tax-Public Utilitiies	\$75.6M	\$81.8M
Personal Property Tax-Business Corp	\$59.0	\$60.7M
Phase-In Tax Credit	-\$35.8M	-\$33.5M



Brandon M. Scott
Mayor

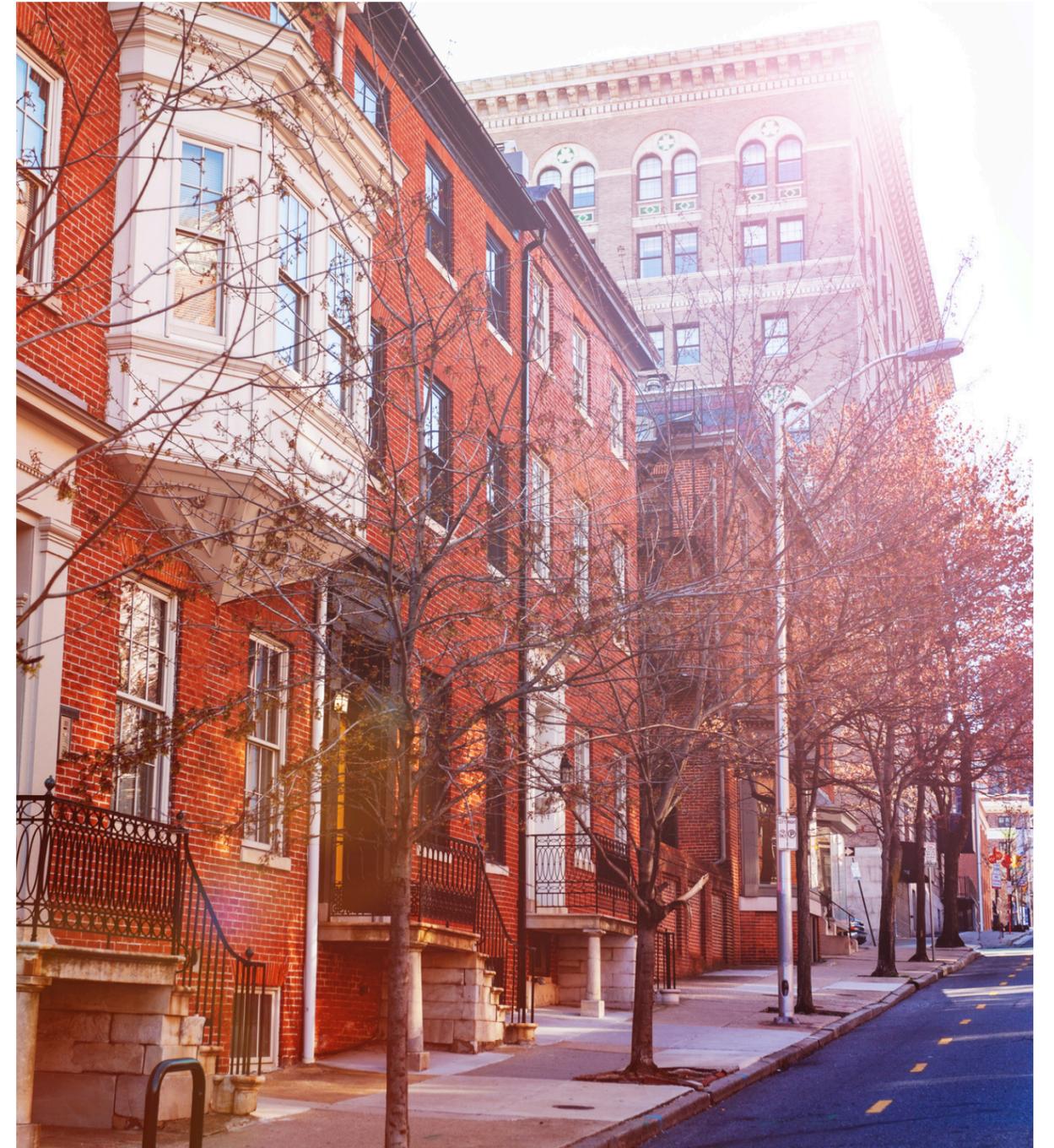
Property Tax Projection

Real Property-Assessment Changes

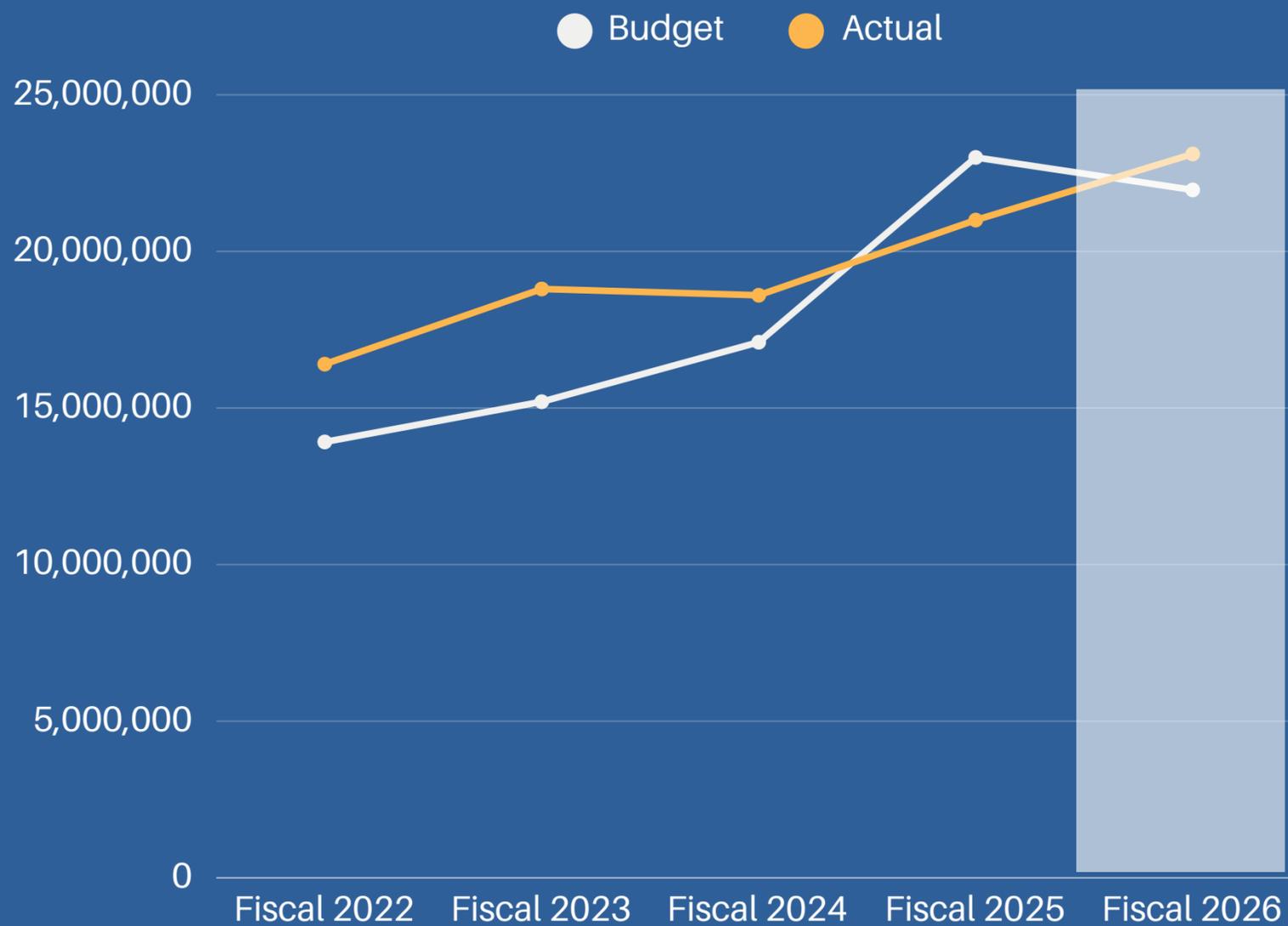
- As of Jan 1st, assessed values are \$455.2 million higher than budget assumptions, equivalent to \$8.0 million gross new revenue.
- Notable Assessment Increases:
 - 1000 Wills Street (Harbor Point)=+\$8.9 Million in Revenue
 - 4MLK=+\$2.8 Million in Revenue
 - 2601 N Port Covington Drive=+\$2.0 Million in Revenue
- Notable Assessment Decreases:
 - 6100 Wabash Ave (Social Security Bldg.)=-\$0.8 Million in Revenue
 - 100 Pratt Street=-\$0.6 Million in Revenue
- Collection rate assumption is 97.0%

Personal Property

- Public Utilities: +\$6.2M
 - Surplus in mainly attributable to BGE's increase in assessment of \$6.8M (11.1%)
 - BGE represents 83.5% of the City's Public Utility assessment.
- Business Corps.: +\$1.7M
 - Overall assessment for business' personal property has increased 1.2% above budget.



Net Parking Revenue



Key Stats

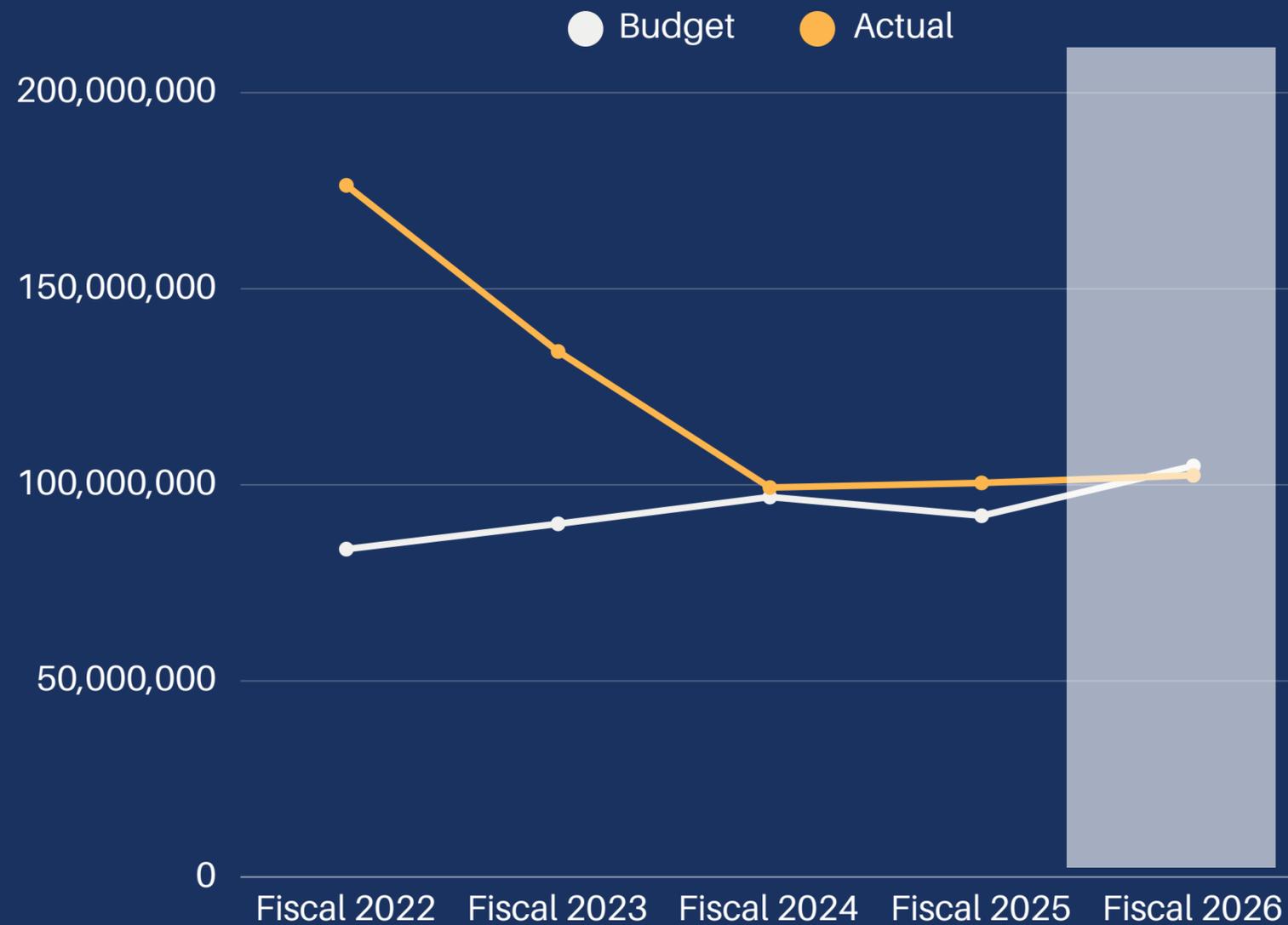
Total Budget	\$22.0 Million
Q2 Projection	\$23.1 Million
Variance	+\$1.2 Million/2.1%

Summary

- The projected surplus reflects a net \$1.4M reduction in Parking Fund expenditures, primarily from lower contractual services and debt service costs.
- Parking tax, parking fine penalties, and garage revenues are projected to exceed budget assumptions based on current performance trends.
- While the number of parking citations has increased, the budget assumed an increase to parking fine rates that will not be implemented in Fiscal 2026.
- Meter revenues are projected to be \$1.1M below budget assumptions; this gap will likely grow in Q3 due to the January winter storm.



Transfer & Recordation Taxes



Key Stats

Total Budget	\$104.8 Million
Q2 Projection	\$102.4 Million
Variance	-\$2.4 Million/-2.3%

Summary

- The projection reflects improved activity and market conditions compared to Q1 projection

Transfer Tax: \$0.6 Million Deficit

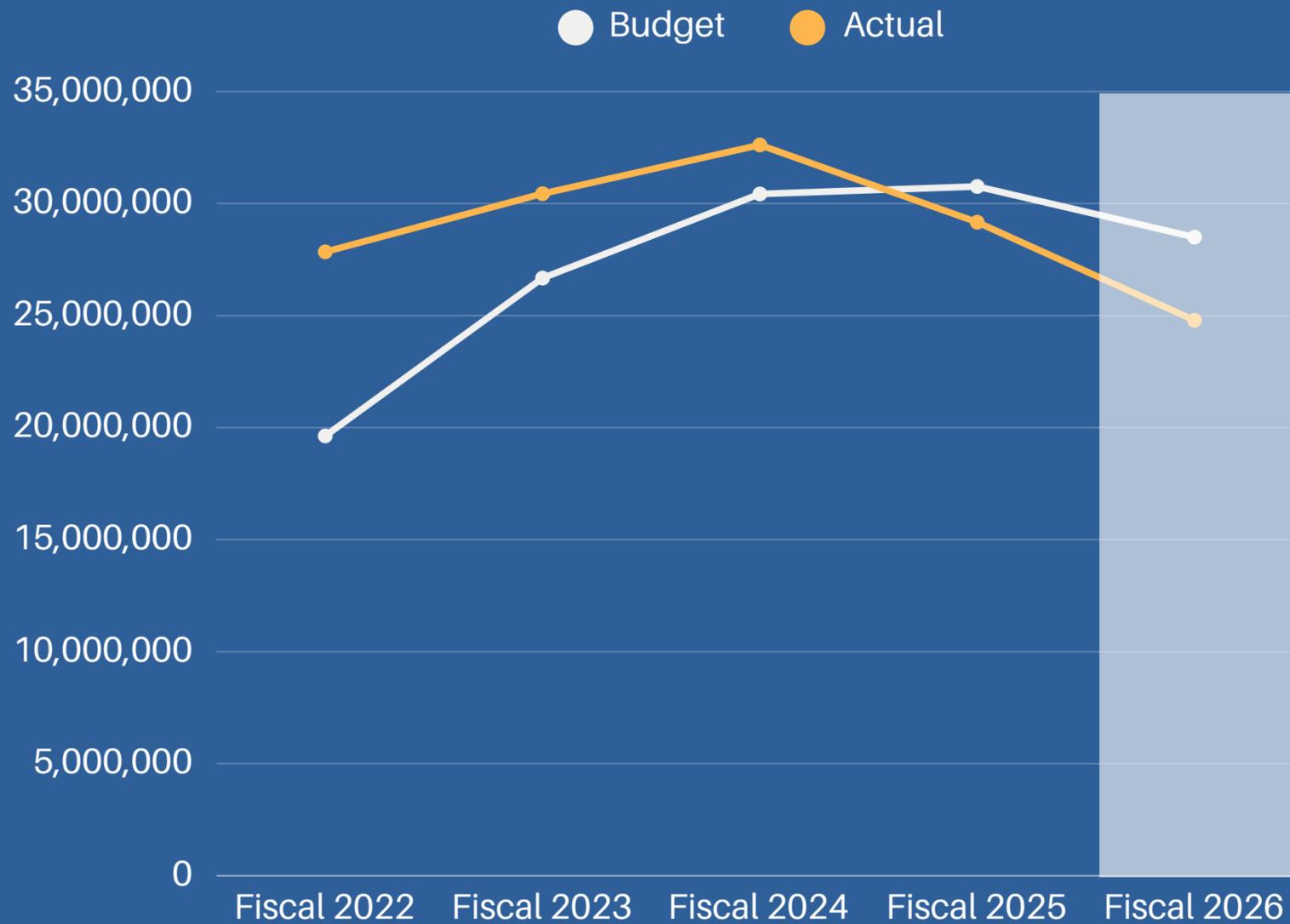
- The overall number of transactions subject to the transfer tax continue to be lower, but average residential value is up:
 - Number of Transactions: -12.9% (FY25=12,931; FY26=11,256)
 - Residential Value: +5.5% (FY25=\$264.8k; FY26=\$280.3k)

Recordation Tax: \$1.8 Million Deficit

- Trends follow Transfer Tax.
- Recordation Taxes are triggered when mortgages are refinanced; significant drops in mortgage rates could result in higher Recordation Tax revenue.



Hotel Tax



Key Stats

Total Budget (Cost)	\$28.5 Million
Q1 Projection (Cost)	\$24.8 Million
Variance	-\$3.7 Million/-13.0%

Summary

Hotel Industry: \$3.7 Million Deficit

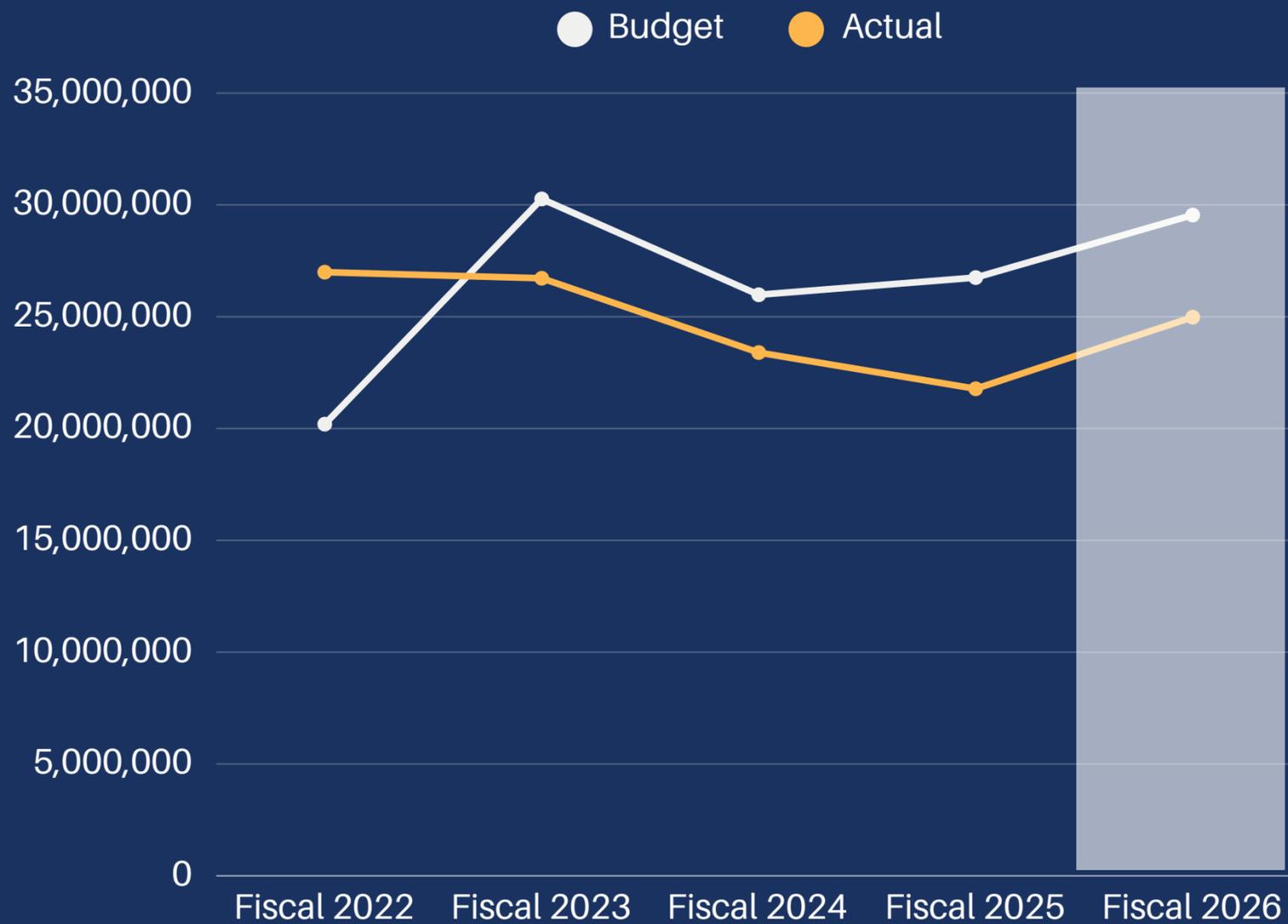
- Fiscal 2026 YTD revenues are 13.0% lower than Fiscal 2026 Budget.
- Average occupancy rate declined by 2.3% from 60.5% as of the 2nd Quarter of Fiscal 2025 to 59.1% in Fiscal 2026.
- Average daily rate has also declined from \$180.1 during Q2 of Fiscal 2025 to \$177.0 in Fiscal 2026.
- It is anticipated that market activity will experience a slight rebound by the end of the Fiscal 2026 as tourism activity increases.

Short-Term Rental: No Change

- It is anticipated that proceeds from Short-Term rentals will remain at budget.



Traffic Cameras



Key Stats

Total Budget	\$29.5 Million
Q2 Projection	\$25.0 Million
Variance	-\$4.6 Million/-15.5%

Summary

Speed Cameras: \$5.7 Million Deficit

- There is an overall decline in the number of speed camera tickets issued compared to Fiscal 2025 (\$2.8 Million deficit).
- The revenue shortfall can be attributed to lower revenue from camera relocations and tiered fines.

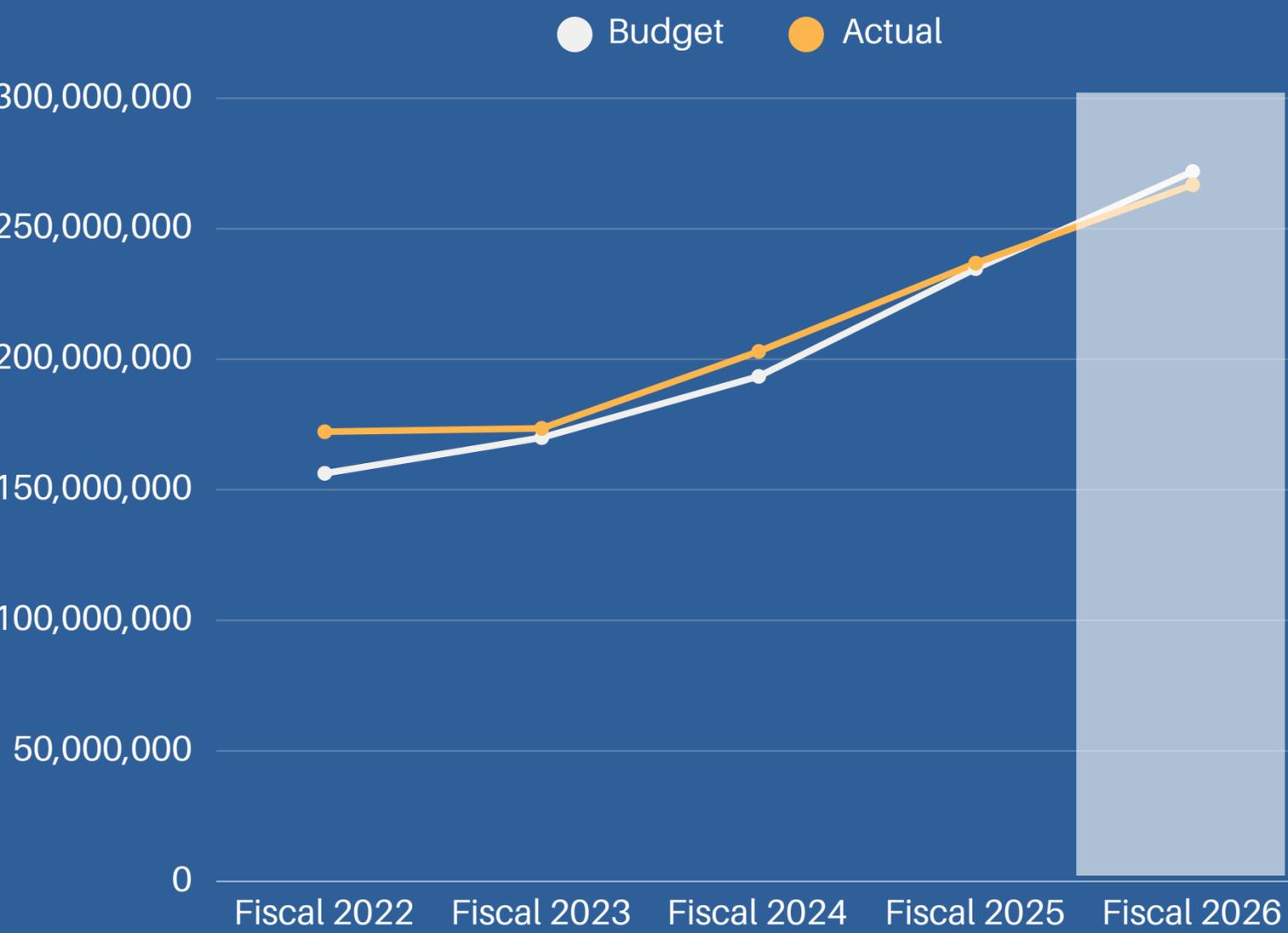
Red Light: \$1.0 Million Surplus

- This surplus is primarily the result of the deployment of 20 new redlight cameras near the end of Fiscal Year 2025, expected to generate additional 61K tickets in Fiscal 2026.



Brandon M. Scott
Mayor

Highway User Revenue



Key Stats

Total Budget	\$271.9 Million
Q2 Projection	\$268.8 Million
Variance	-\$5.1 Million/-1.9%

Summary

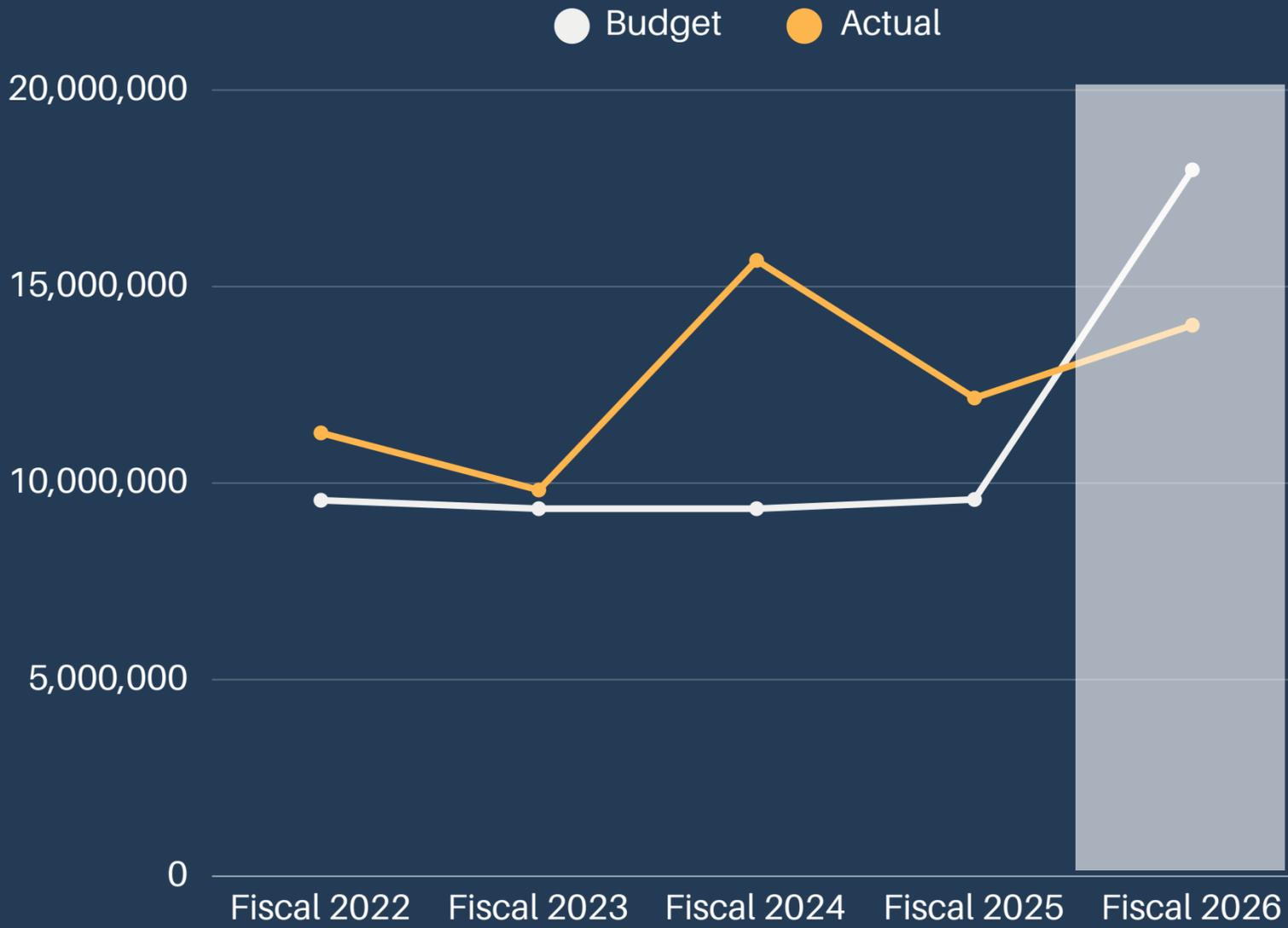
- Q2 projected revenue is down by \$8.1 million (2.9%) compared to Q1 projections.
- HUR Components:
 - Motor Vehicle Fuel Tax (+3.2%),
 - Corporate Income Tax (-19.5%),
 - Sales and Use Tax (-35.6%),
 - Motor Vehicle Title Tax (-0.1%),
 - Motor Vehicle Registration (+18.5%)
- Growth in titling tax & registration fees is driven by increase in rates.



Brandon M. Scott
Mayor



Charges for Service



Key Stats

Total Budget	\$20.0 Million
Q2 Projection	\$14.0 Million
Variance	-\$4.0 Million/22.0%

Summary

- The decline in revenue is driven by tipping fee revenue following an increase to the fee.

Tipping Fees

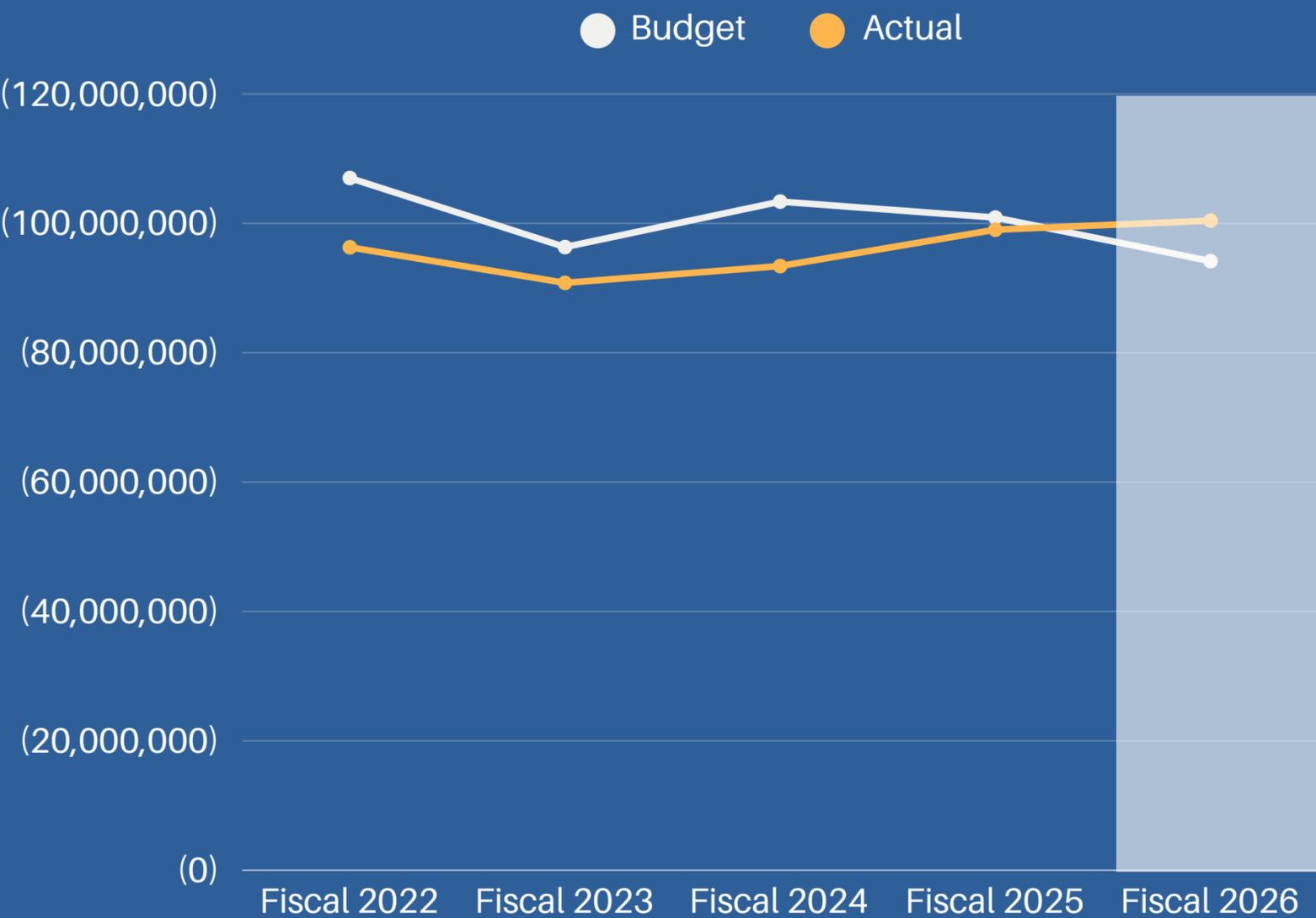
- In October, the Board of Estimates approved an increase in the landfill tipping fee from \$60 per ton to \$127.50 per ton, effective in November 2025.
- The policy generated changes in solid waste disposal preferences from large waste haulers, including Waste Management, Republic Services and Cockey’s.
- The projection reflects YTD activity, which shows a 49.2% decline in tonnage following the fee increase.
 - Despite the loss in projected revenue, this behavior change is reducing pressure on the City’s landfill.



Brandon M. Scott
Mayor



Tax Credits



Key Stats

Total Budget (Cost)	\$94.2 Million
Q2 Projection (Cost)	\$100.4 Million
Variance	-\$6.2 Million/6.7%

Summary

Brownfield Tax Credit: \$4.4M Deficit

- This credit had a small projected surplus in Q1.
- The deficit is caused by two properties that claimed they did not receive the full credit amount during first year of eligibility (1525 Russell & 1555 Warner).

Enterprise Zone Tax Credit: \$3.3 Million Deficit

- The projection is a slight improvement compared to Q1.
- The deficit is related to 2 large projects that received the credit after the Fiscal 2026 budget assumptions were finalized:
 - 1000 Wills Street (+\$2.3m)
 - 4 N Martin Luther King Jr BLV (+\$1.4m)
- These projects became eligible at the end of Fiscal 2025 and were not part of the budget.

Other Notable Items

- These increased costs are offset by reductions in the High-Performance Market-Rate Rental (\$400K) and the CHAP (\$200K) tax credits.





FY 2026 Expenditure Overview



Brandon M. Scott
Mayor

General Fund Expenditures-2nd Quarter Summary

Q2 Expenditure Highlights

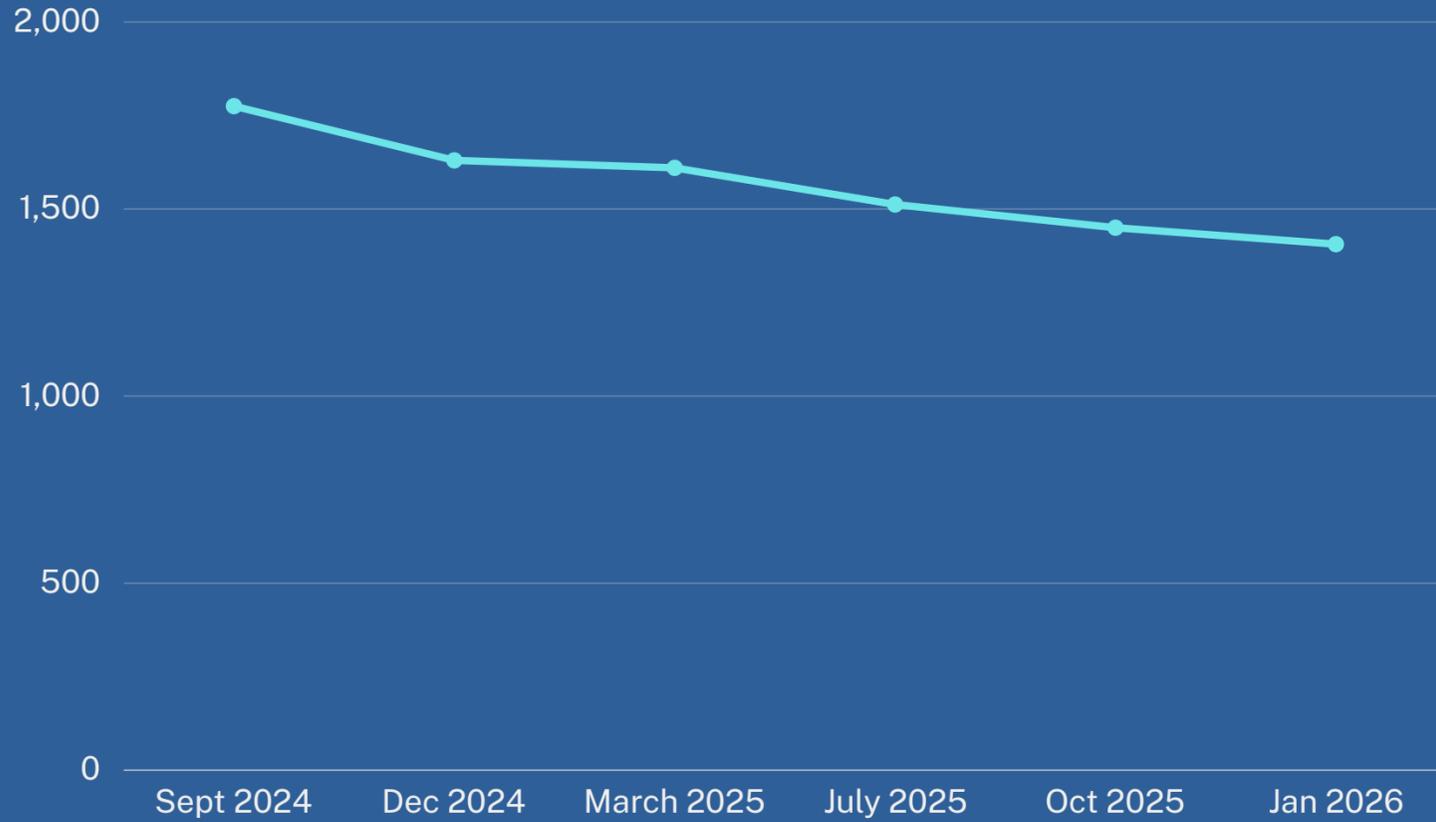
- **Personnel Costs-Worsening:** The projection captures wage & backpay from ratified Union contracts. The Fire Department projection includes increased wages based on arbitration decision.
- **Vacancies-Improving:** Vacant General Fund positions continued to trend down in Fiscal 2026. The overall number of vacancies declined by 3% compared to the 1st Quarter of Fiscal 2026
 - Sworn vacancies rate decreased to 17.1%
 - Unsworn vacancy rate at 12.5%
- **Public Safety Costs-Worsening:** Deficits for both Fire & Police are up compared to the 1st Quarter. Overtime costs remain high while both Departments have large academies to fill vacant positions.

Total Budget	\$2.620 Billion
2nd Quarter Actual	\$2.649 Billion
Variance	-\$28.5 Million Deficit



Vacancy Trends

General Fund Vacancies: Fiscal 2025-Fiscal 2026 Q2



Key Stats

GF Vacancies (January 2026)	1,406
GF Vacancy Rate (January 2026)	14.1%
GF Vacancy Trend	-3% from October 2025

Summary

- Vacancies are trending down, but the overall decline between the 1st and 2nd Quarter is at smaller pace than prior quarters
 - Change from FY25 Q4 to FY26 Q1: -16%
 - Change from FY26Q1 to FYQ2: -3%
- Largest improvement in vacancy counts is Police Officers; down 37 vacancies during 2nd Quarter

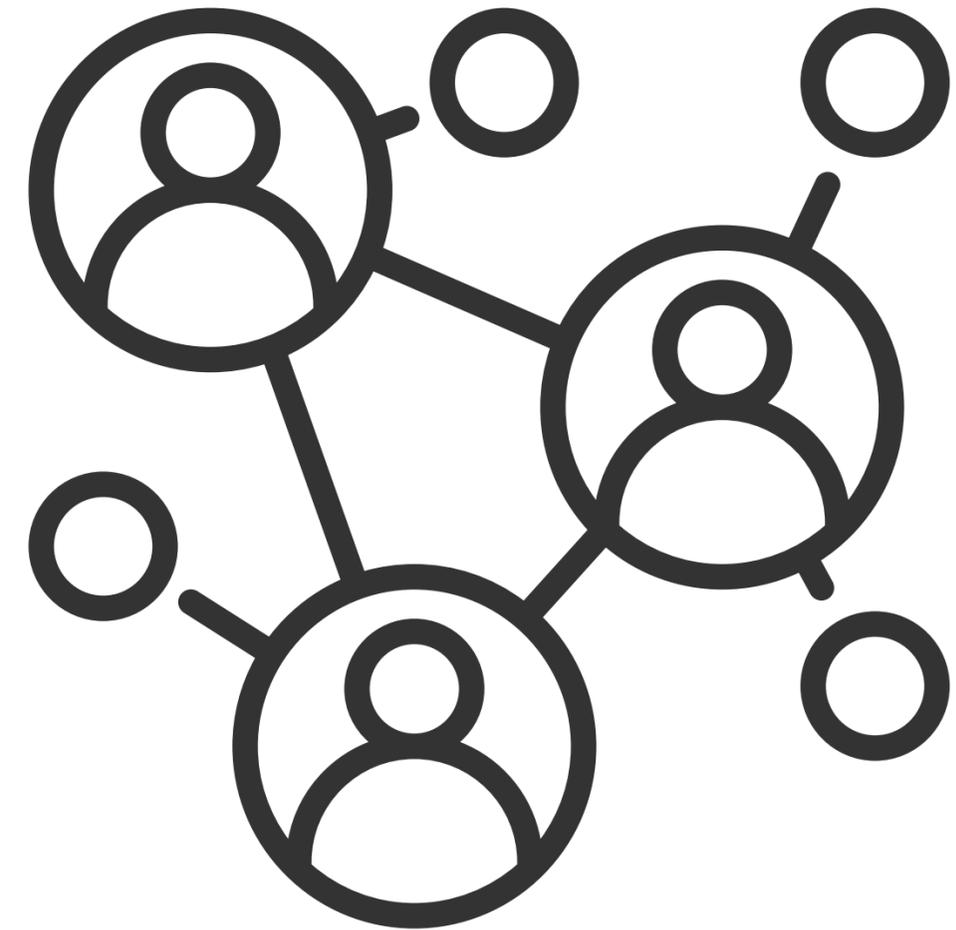


Brandon M. Scott
Mayor

Surplus Agencies: Vacant Positions

Summary

- **14** agencies have a 2nd Quarter projected surplus primarily driven by vacant positions.
- Collectively these positions approximately **20%** of total General Fund vacancies.
- Agencies:
 - City Council: \$1.1 Million Surplus
 - Comptroller: \$2.2 Million Surplus
 - Finance: \$39k Surplus
 - General Services: \$0.7 Million Surplus
 - Enoch Pratt Free Library: \$2.7 Million Surplus
 - Housing & Community Development: \$1.6 Million Surplus
 - MR-Office of Information & Technology: \$2.1 Million Surplus
 - MR-Office of Children & Family Success: \$0.4 Million Surplus
 - MR-Environmental Control Board: \$0.2 Million Surplus
 - MR-Office of Neighborhood and Safety Engagement: \$0.7 Million Surplus
 - MR-Office of Business Licensing & Consumer Protection: \$0.2 Million Surplus
 - Municipal Zoning: \$0.1 Million Surplus
 - Public Works: \$0.6 Million Surplus
 - State's Attorney: \$2.7 Million Surplus



Surplus Agencies

Yearend variance >10%

Agency	Explanation	Q2 Proj. Surplus	Q1 Projection
Board of Elections	<ul style="list-style-type: none"> Projected surplus assumes bulk of costs for 2026 midterms will hit in FY27. 	\$2.9 Million	\$2.5 Million
MR-Convention Complex	<ul style="list-style-type: none"> Savings from chilled water use/system Lower Admissions/Amusement tax payments for CFG Arena. 	\$3.9 Million	\$3.6 Million
MR-Office of Employment Development	<ul style="list-style-type: none"> Savings due to fewer filled Youthworks slots vs. budget. 	\$1.7 Million	\$1.5 Million

Agencies @ Budget

Yearend variance <10%

Agency	Explanation	Q2 Proj. Surplus	Q1 Projection
Council Services	No major variance.	\$42k	\$25k
Courts: Circuit Court	Juror stipends.	\$1.2 Million	\$1.5 Million
Courts: Orphans Court	No major variance.	\$13k	\$6k
Human Resources	Savings from contractual costs & vacant positions.	\$1.0 Million	\$324k
Law	No major variance.	\$17k	\$28k
Legislative Reference	Lower projected lease costs, and timing of FY26 new position creation.	\$164k	\$148k



Agencies @ Budget

Yearend variance <10%

Agency	Explanation	Q2 Proj. Surplus	Q1 Projection
Liquor License Board	No major variance.	\$72k	\$12k
MR-Convention Center Hotel	Lower projected costs for required contribution to meet debt requirements.	\$506k	\$506k
MR- Office of Homeless Services	Lower anticipated cost of operating winter shelters & vacancy savings.	\$853k	\$1.2 Million
MR - Office of Small Minority Business Avocacy & Development	Vacant positions and contractual services.	\$152k	\$194k



Agencies @ Budget

Yearend variance <10%

Agency	Explanation	Q2 Proj. Surplus	Q1 Projection
Office of Equity and Civil Rights	Savings from vacant positions and board stipends.	\$423k	\$85k
Office of the Inspector General	Savings from health insurance.	\$100k	\$99k
Planning	Savings from vacant positions, travel, and professional services.	\$83k	\$79k



Deficit Agencies

Variance > 0%

Agency	Explanation	Q2 Proj. Deficit	Q1 Projection
Fire	Overtime costs & increased wage costs resulting from arbitration decision.	-\$26.9 Million	-\$30.5 Million
Health	Payment to City Schools for their share of School Health costs & unplanned repair at BARCS facility.	-\$197k	\$4.0 million (Surplus)
MR-Office of Labor Commissioner	Legal fees for union negotiations.	-\$245k	-\$380k
M-R Cable and Communications	Current staffing levels exceeding assumed vacancy savings.	-\$215k	-\$197k
MR-Art & Culture Grants	Prior year invoice & benefit costs for Walters & BMA	-\$1.0 Million	-\$376k



Deficit Agencies

Variance > 0%

Agency	Explanation	Q2 Proj. Deficit	Q1 Projection
MR-Baltimore City Schools	Private Pre-K Funding.	-\$1.0 Million	-\$1.0 Million
Police	Personnel costs (overtime & union contract terms), IT contracts, & uniform costs.	-\$19.0 Million	-\$16.3 Million
Recreation & Parks	Unbudgeted facility maintenance spend. Rec & Parks evaluating costs to determine if they can be funded by alternative source.	-\$1.1 Million	-\$374k

Deficit Agencies

Variance > 0%

Agency	Explanation	Q2 Proj. Deficit	Q1 Projection
Sheriff	Overtime; unbudgeted wireless device and printing expenses.	-\$2.3 Million	-\$1.4 Million
Transportation	Outstanding traffic camera invoicing and street light maintenance & repair costs. Projection does not include snow costs from January storm.	-\$2.2 Million	\$372k (Surplus)





Questions



Brandon M. Scott
Mayor

BM  RE BUDGET