

FISCAL 2026



3rd Quarter Projection
May 2026

Fiscal 2026 - General Fund 3rd Quarter Summary

Revenue

**+\$65.4M
Surplus**

**+2.5%
Variance**

Expenditures

**-\$129.8M
Deficit**

**-4.9%
Variance**

Overall

**-\$64.4M
Deficit**

**-2.5%
Variance**

Revenue Highlights

- Projected revenue surplus has improved by \$17.3 million vs. the 2nd Quarter projection, largely driven by income tax revenues.

Expenditure Highlights

- Expenditure deficit is worse by \$101.3 million vs. the 2nd Quarter projection, due to the impact of winter snowstorm cleanup costs.

Overall

- Overall projection vs. Q2 is worse by \$84.0 million, changing from a \$19.6 million surplus to a \$64.4 million deficit.





General Fund Revenue Summary



Brandon M. Scott
Mayor

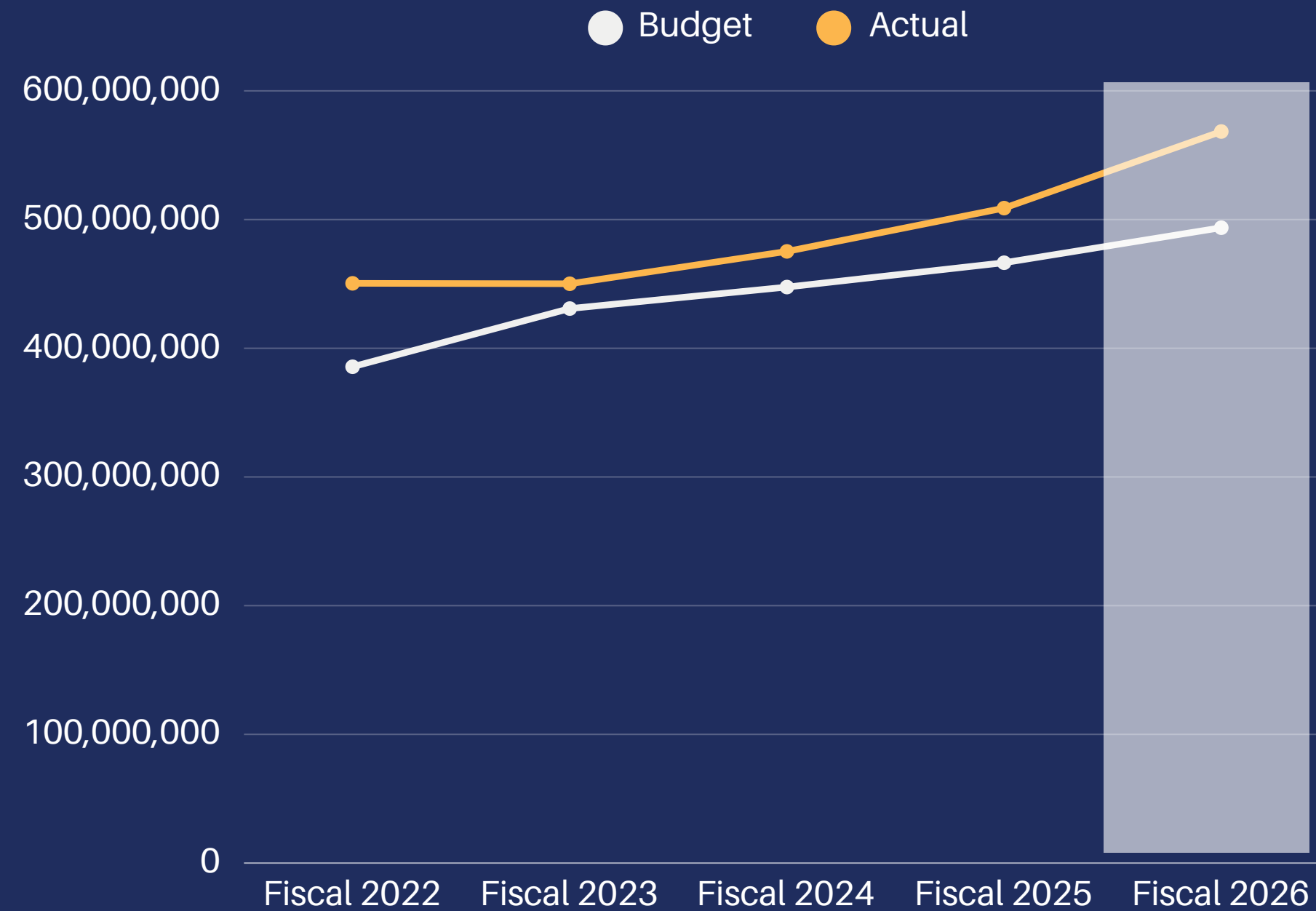
Fiscal 2026 - Revenue Projection History

Revenue forecast improvement from Q1 to Q3 largely driven by Income Tax increases.



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Income Taxes



Key Stats

Total Budget	\$493.7 Million
Q3 Projection	\$568.4 Million
Variance	+\$74.7 Million / +15.1%

Summary

- The projected surplus is driven by stronger than budgeted quarterly and non-quarterly distributions.

Key Factors

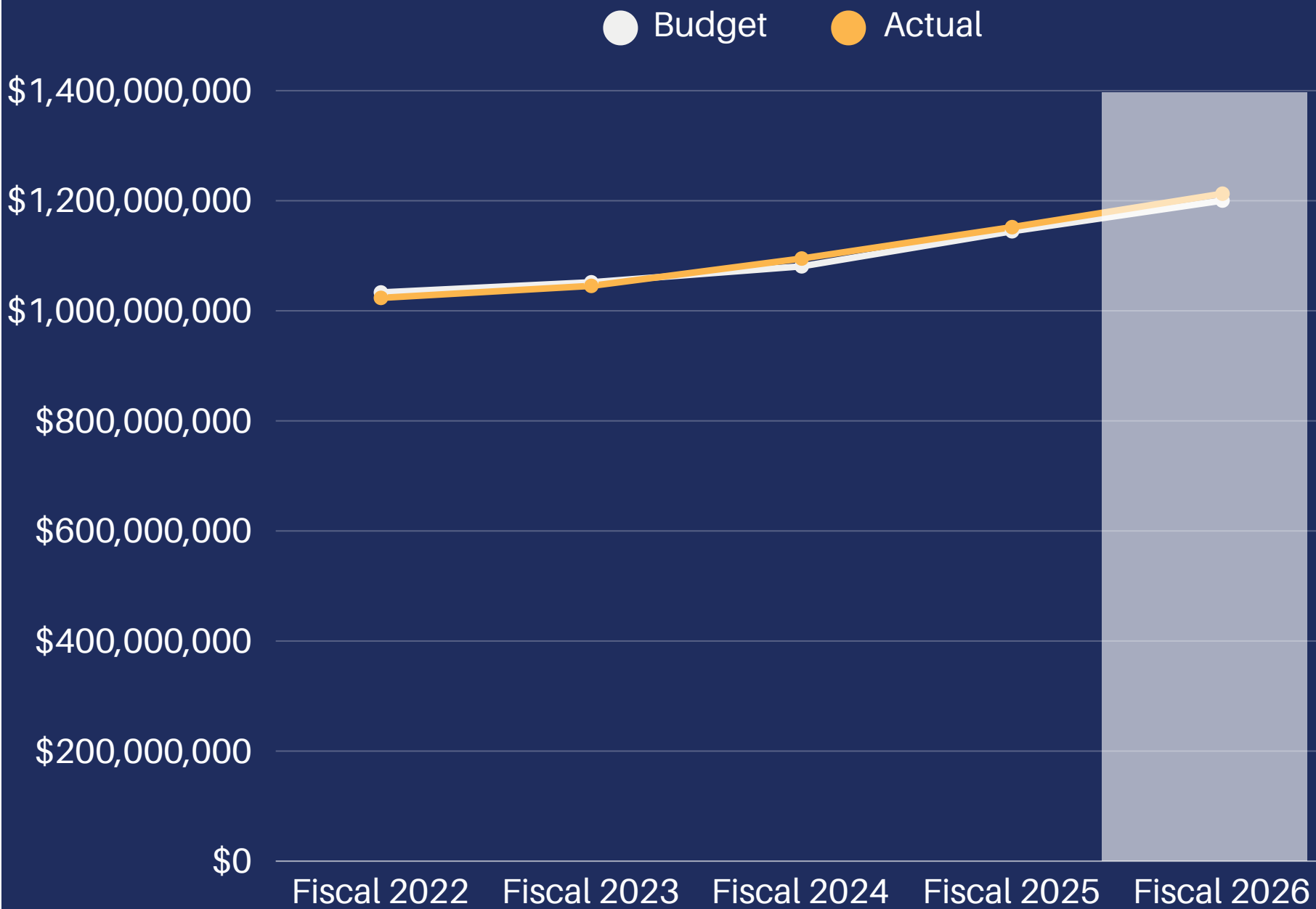
- Statewide Receipts
 - Fiscal 2026 Budget Assumption: 2.4%
 - Actuals showed increasingly better State-wide growth in September (5.3%), December (5.9%), and March (7.3%).
- City-Specific
 - City is also making up an increasingly higher share of Statewide income tax receipts.

Income Tax Projection

	Fiscal 2025	Fiscal 2026
Statewide Projected Cash from Withholding and Est'd Payments	\$23.73B	\$25.29B
% of Receipts Allocated to Baltimore City	5.6115%	5.6805%
Estimated Allocation to Baltimore City	\$395.4M	\$426.0M
Additional Receipts		\$31.2M

- The City has experienced 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.

Property Taxes



Key Stats

Total Budget	\$1.2 Billion
Q3 Projection	\$1.213 Billion
Variance	+\$12.5 Million / +1.0%

Property Tax Components

	Budget	Q3 Projection	Change
Real Property Tax	\$1,098.8M	\$1,100.8M	+\$2.0M
Personal: Public Utilities	\$75.6M	\$81.5M	+\$5.9M
Personal: Business Corp	\$59.0	\$61.3M	+\$2.3M
Phase-In Tax Credit	-\$35.8M	-\$33.6M	+\$2.2M



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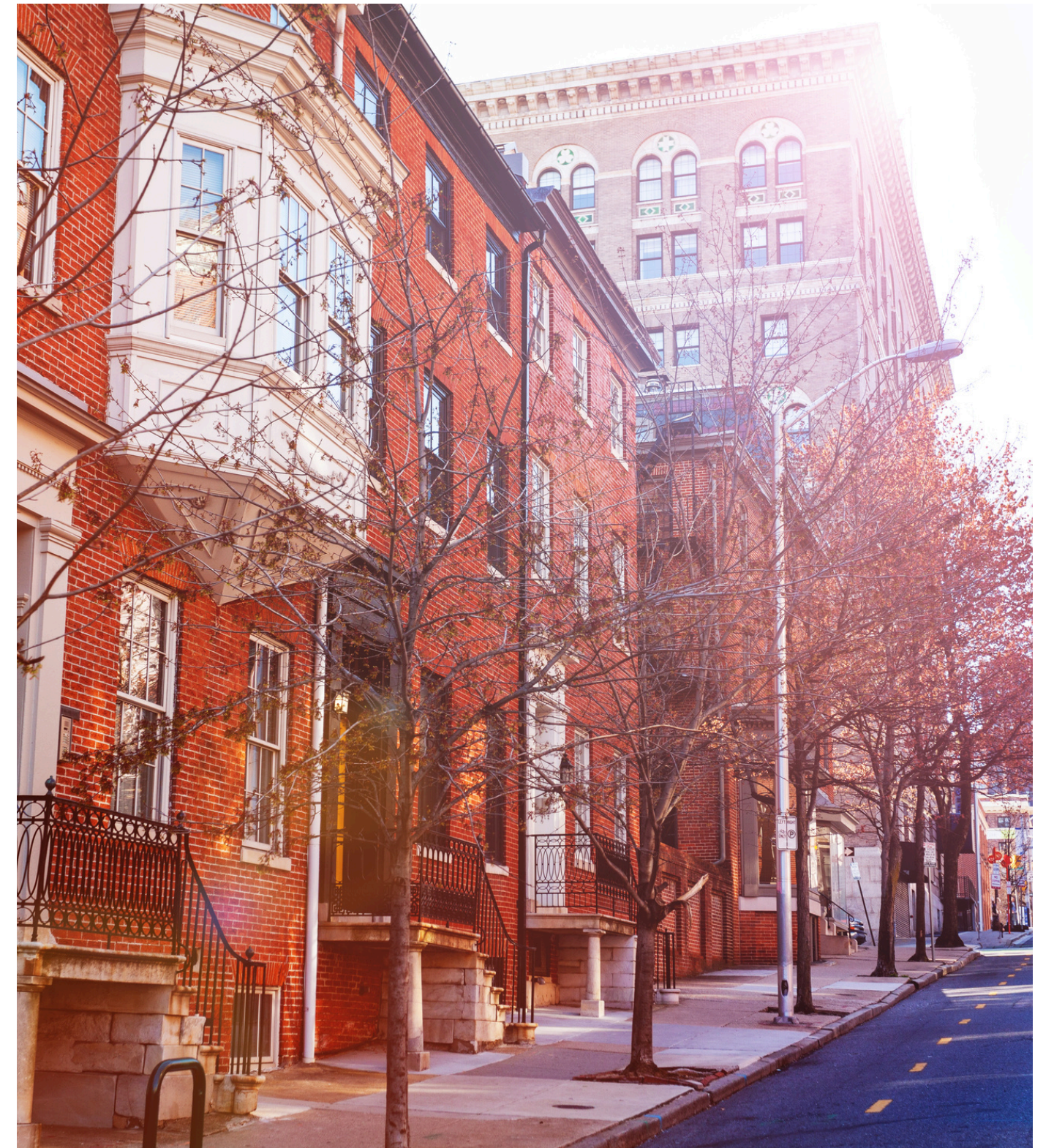
Property Tax Assessment Changes

Real Property-Assessment Changes

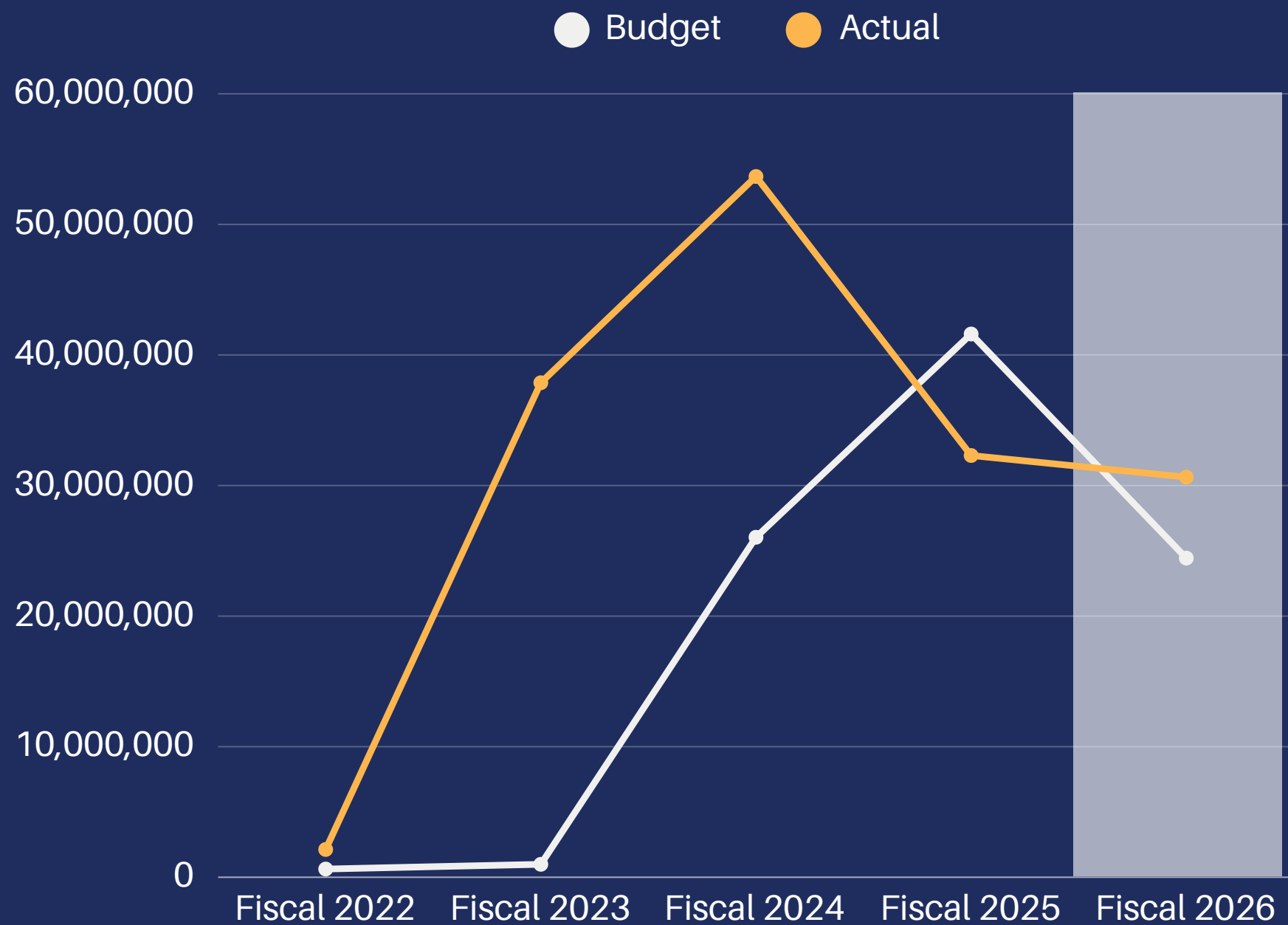
- **+\$2.0 million**
- Notable changes between Q2 and Q3:
 - 529 Harford Road (Enolia Apartments): +\$48.3M (+\$1.1M in taxes).
 - 3025 W Cold Spring Lane (Cold Spring Lane Apartments): +\$9.9M (\$0.2M in taxes.)
 - 500 E. Pratt Street (Office and Retail space): -\$26.5M (-\$0.6M in taxes).
 - 1501 S. Clinton Street (Office space): -\$18.1M (-\$0.4M in taxes).

Personal Property

- Public Utilities: **+\$5.9 million**
 - Surplus is mainly attributable to BGE's increase in assessment of \$6.8M (11.1%)
 - BGE represents 83.8% of the City's Public Utility assessment.
- Business Corps.: **+\$2.3 million**
 - Overall assessment for business' personal property has increased 1.2% above budget.



Investment Earnings



Key Stats

Total Budget	\$24.4 Million
Q3 Projection	\$30.6 Million
Variance	+6.2M / +25.4%

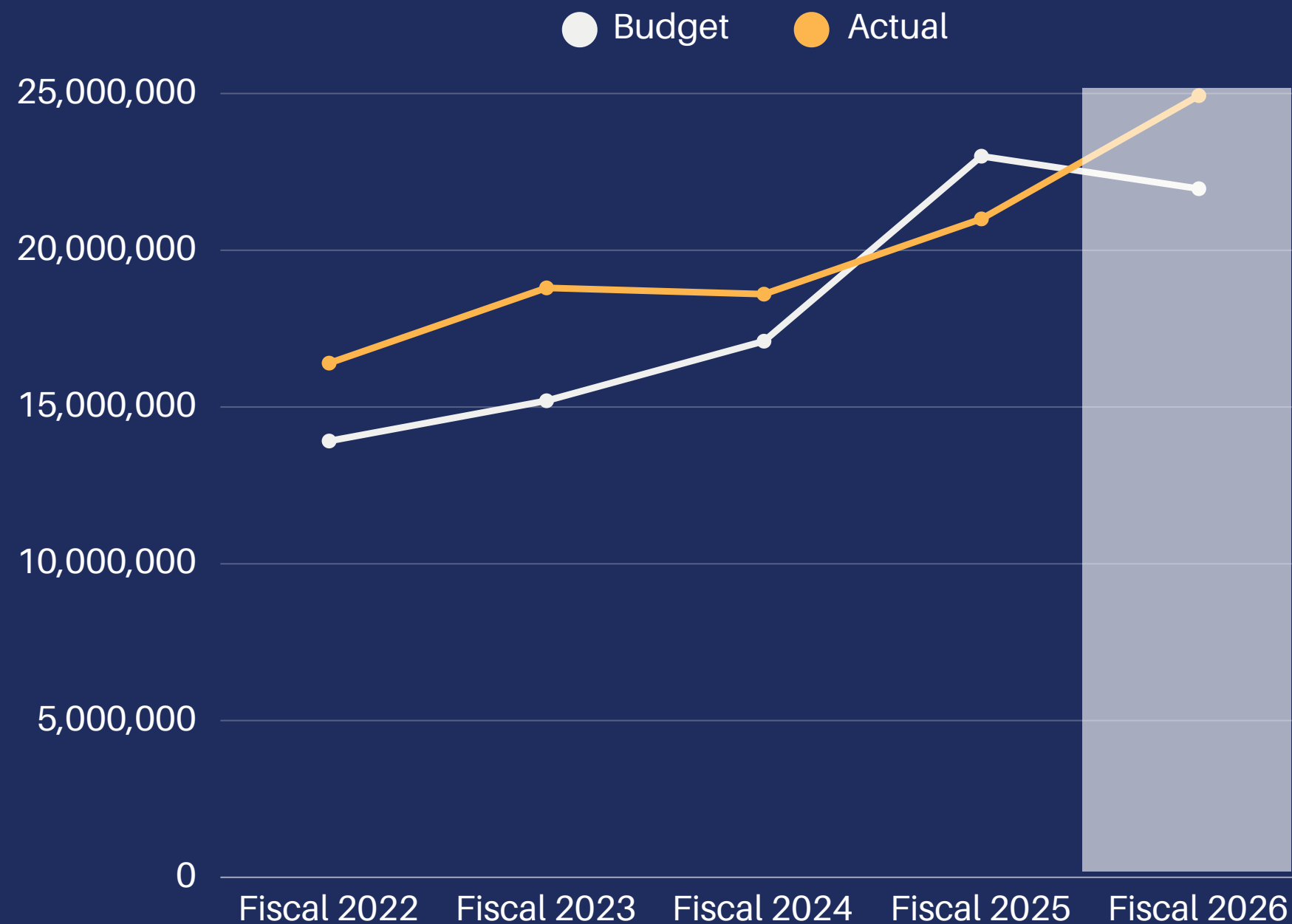
Summary

- Q3 projection reflects increase in average yield due to higher interest rates, from 3.3% to 3.6%, and remaining at this level through the end of the fiscal year.
- Projection includes a 5.0% increase in the monthly average cash on hand, from \$1,096.9M in Fiscal 2025 to \$1,151M in Fiscal 2026.
- ARPA funding is anticipated to be fully spent by December 2026. Remaining balance as of March 2026 is \$67.2M.



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Net Parking Revenue



Key Stats

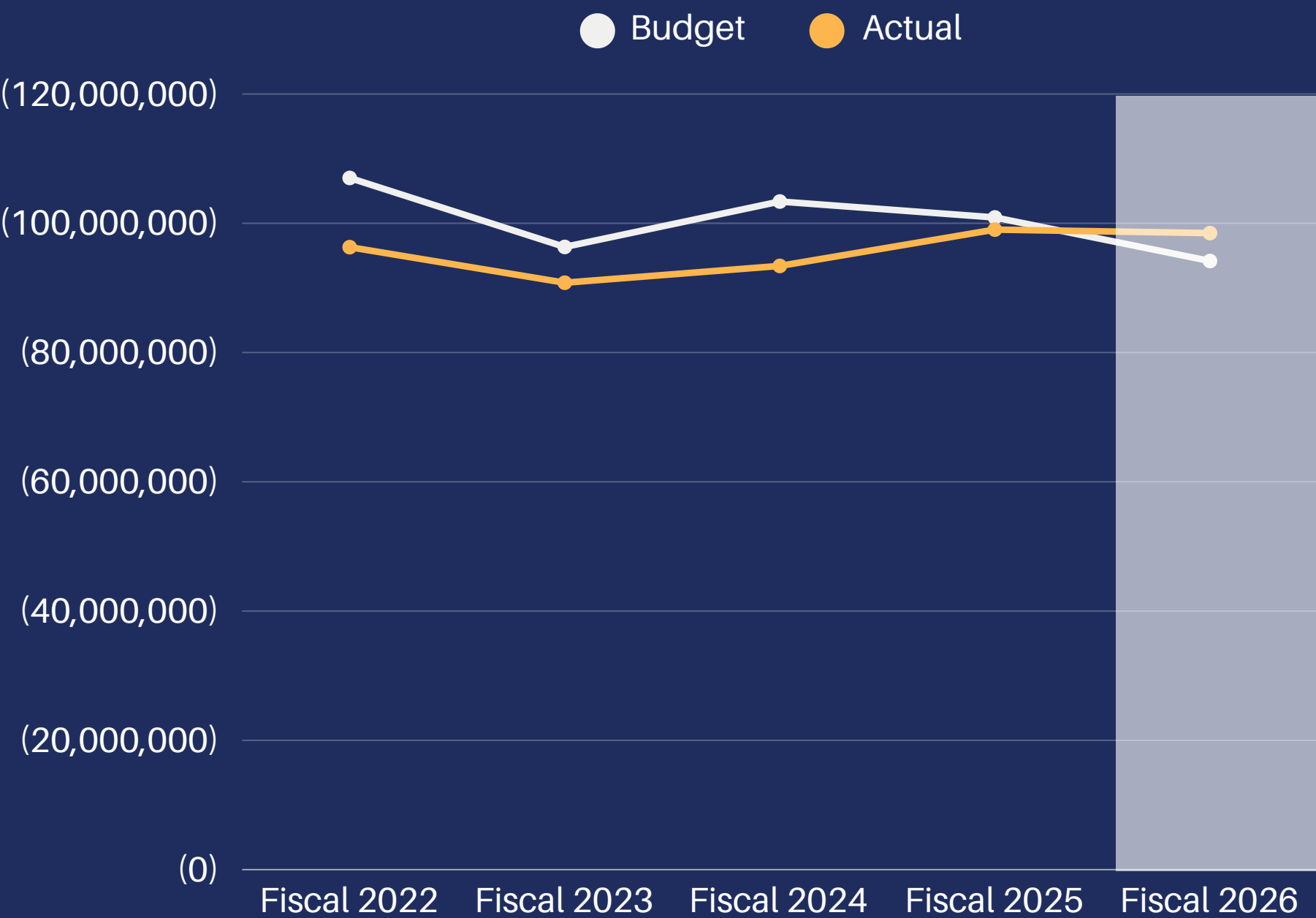
Total Budget	\$22.0 Million
Q3 Projection	\$24.9 Million
Variance	+\$2.9 Million / +13.5%

Summary

- **Parking Tax (+\$1.7M):**
 - Collections resulting from higher receipts for transient parkers (up 22.7%) and monthly contracts (up 18.6%).
- **Penalties (+\$1.1M):**
 - Reflects improved collection rate after the moratorium on penalties ended in Fiscal 2025.
- **Parking Fund Expenditures (+\$0.8M):**
 - Lower expenditures from contractual services and debt service.



Tax Credits



Key Stats

Total Budget (Cost)	\$94.2 Million
Q3 Projection (Cost)	\$98.5 Million
Variance	-\$4.3 Million / -4.6%

Summary

Brownfield Tax Credit: (-\$3.7M)

- Two refunds arising from a legal dispute where properties claimed they did not received credit in the first year (1525 Russell & 1555 Warner).

Enterprise Zone Tax Credit: (-\$2.4M)

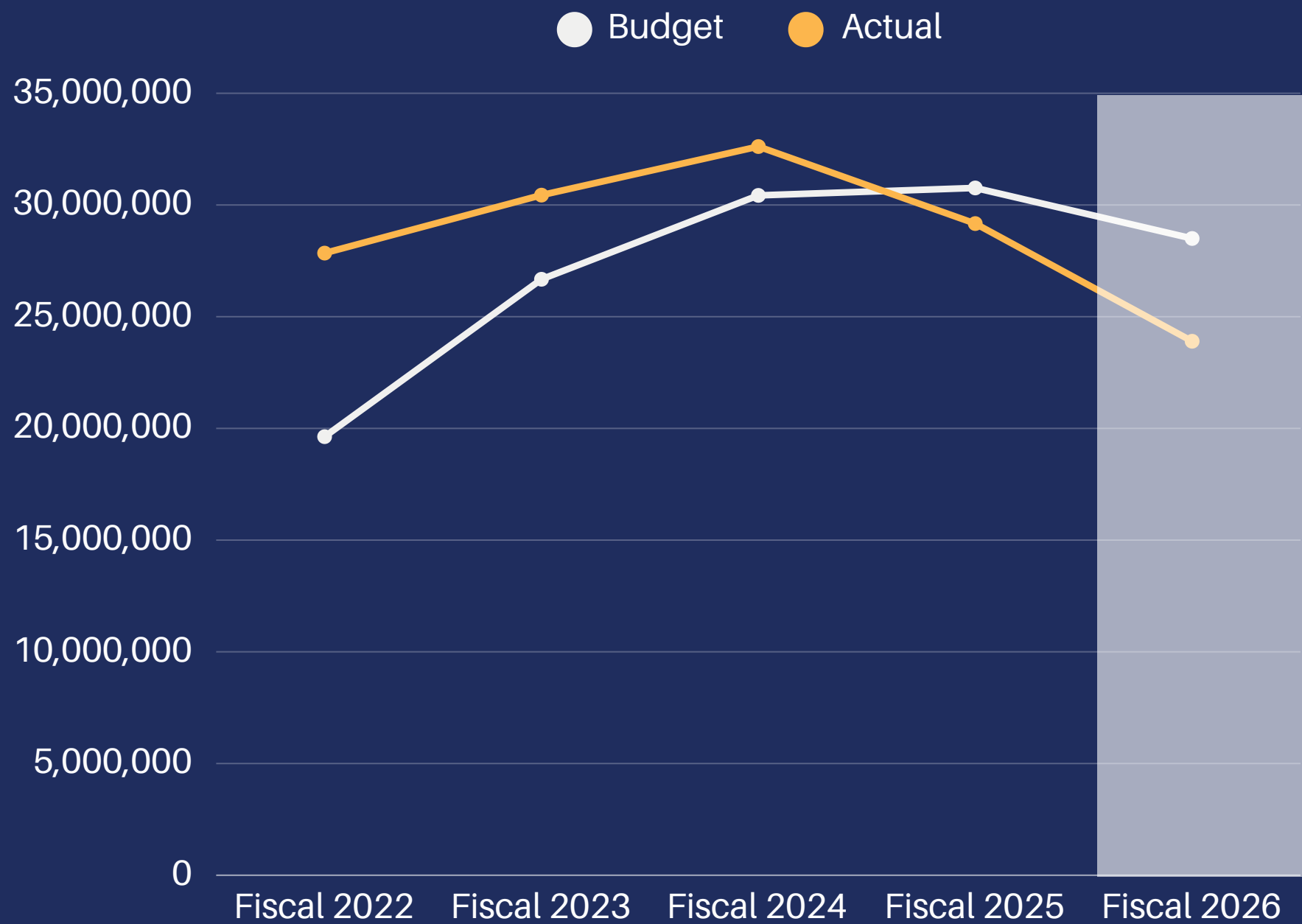
- Two new projects that received credit after Fiscal 2026 budget assumptions were finalized:
 - 1000 Wills Street (-\$2.3m)
 - 4 N Martin Luther King Jr BLV (-\$1.4m)

All Other (+\$1.8M)

- Lower values or lower volume in other credits, namely the High-Performance Market-Rate Rental and the CHAP Tax Credits.



Hotel Tax



Key Stats

Total Budget	\$28.5 Million
Q3 Projection	\$23.9 Million
Variance	-\$4.6 Million / -16.1%

Summary

Hotel Industry: (-\$4.4M)

- Fiscal 2026 YTD revenues are 16.1% lower than Fiscal 2026 Budget, and 3.6% than Q2 projection.
- Average occupancy rate declined by 0.3% from 54.6% as of February 2025 to 54.3% in Fiscal 2026.
- Average daily rate has also declined from \$172.8 as of February of Fiscal 2025 to \$169.7 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.

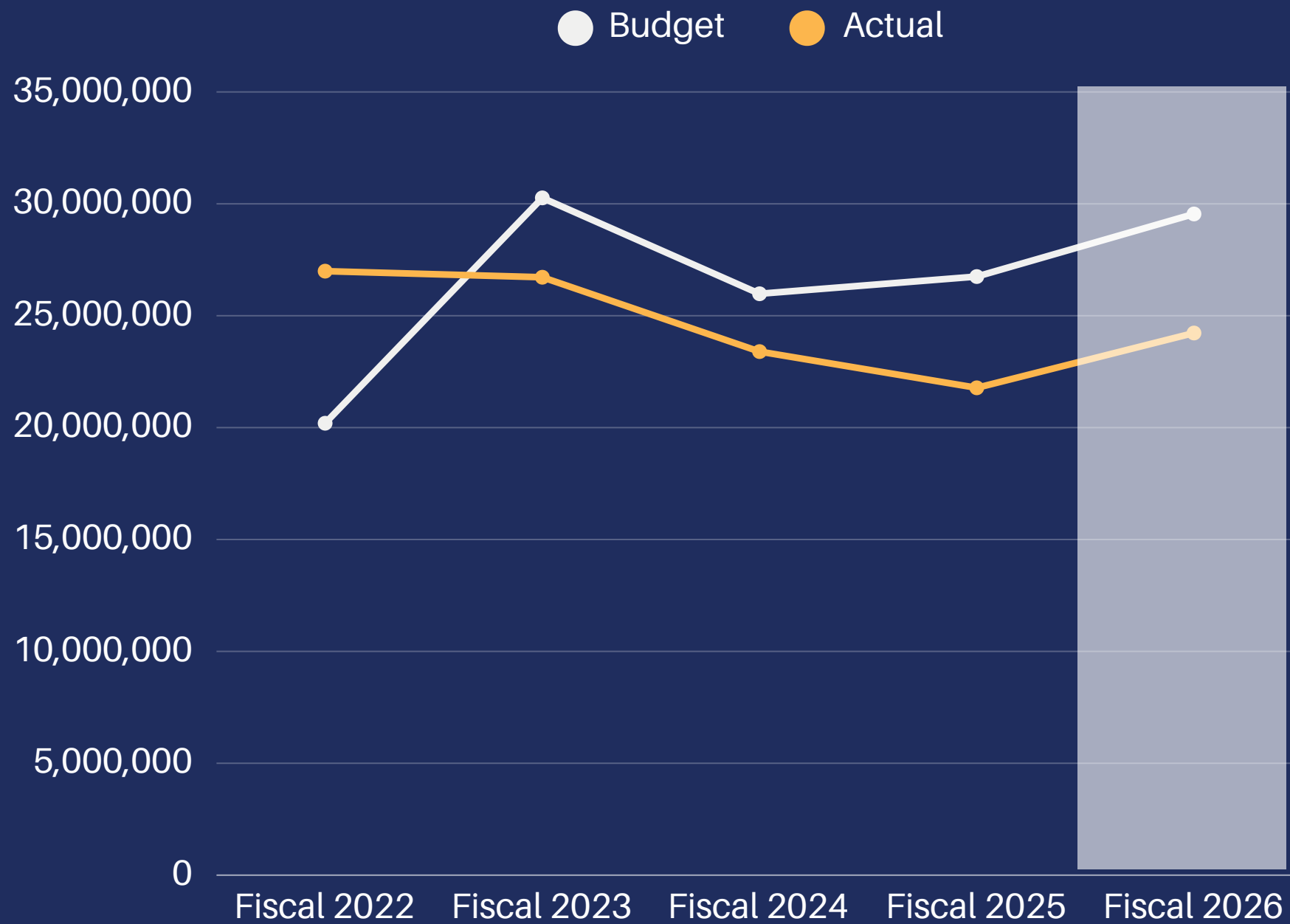
Short-Term Rental: (-\$0.2M)

- The projection includes a small reduction in revenues from Short-Term rentals based on YTD activity.



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Traffic Cameras



Key Stats

Total Budget	\$29.5 Million
Q3 Projection	\$24.2 Million
Variance	-\$5.3 Million / -18.0%

Summary

Speed Cameras: (-\$5.3M)

- Overall decline in the number of speed camera tickets issued compared to Fiscal 2025.
- The original budget assumed up to 30 camera relocations; however based on engineering, safety, and feasibility considerations, only six are currently planned this year.
- Lower-than-projected revenues from the tiered fines and collections.

Red Light: (+\$0.6M)

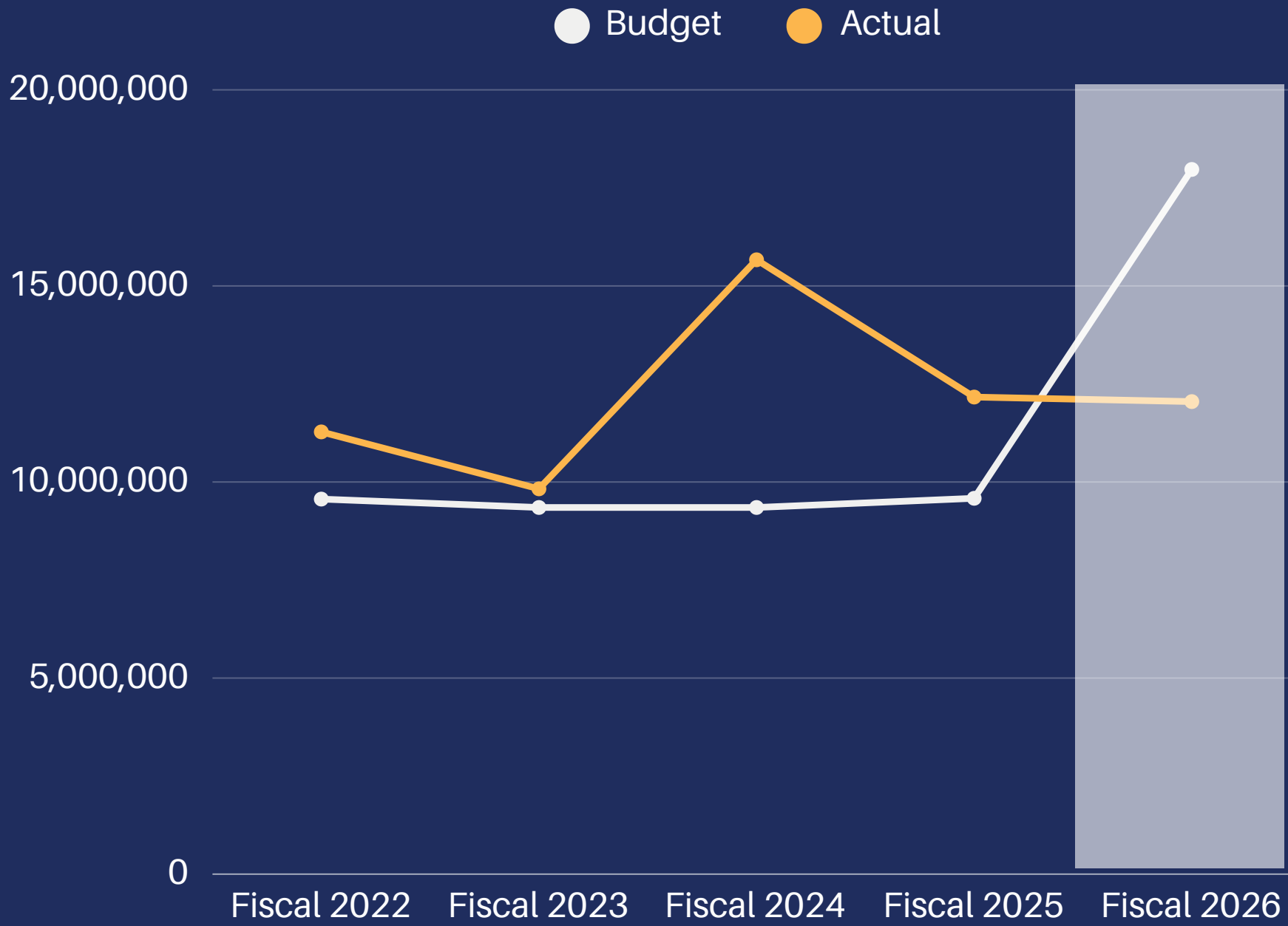
- This surplus is primarily the result of the deployment of 20 new red light cameras near the end of Fiscal Year 2025, expected to generate an additional 61,000 tickets in Fiscal 2026.



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Charges for Service



Key Stats

Total Budget	\$18.0 Million
Q3 Projection	\$13.5 Million
Variance	-\$4.4 Million / -24.6%

Summary

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

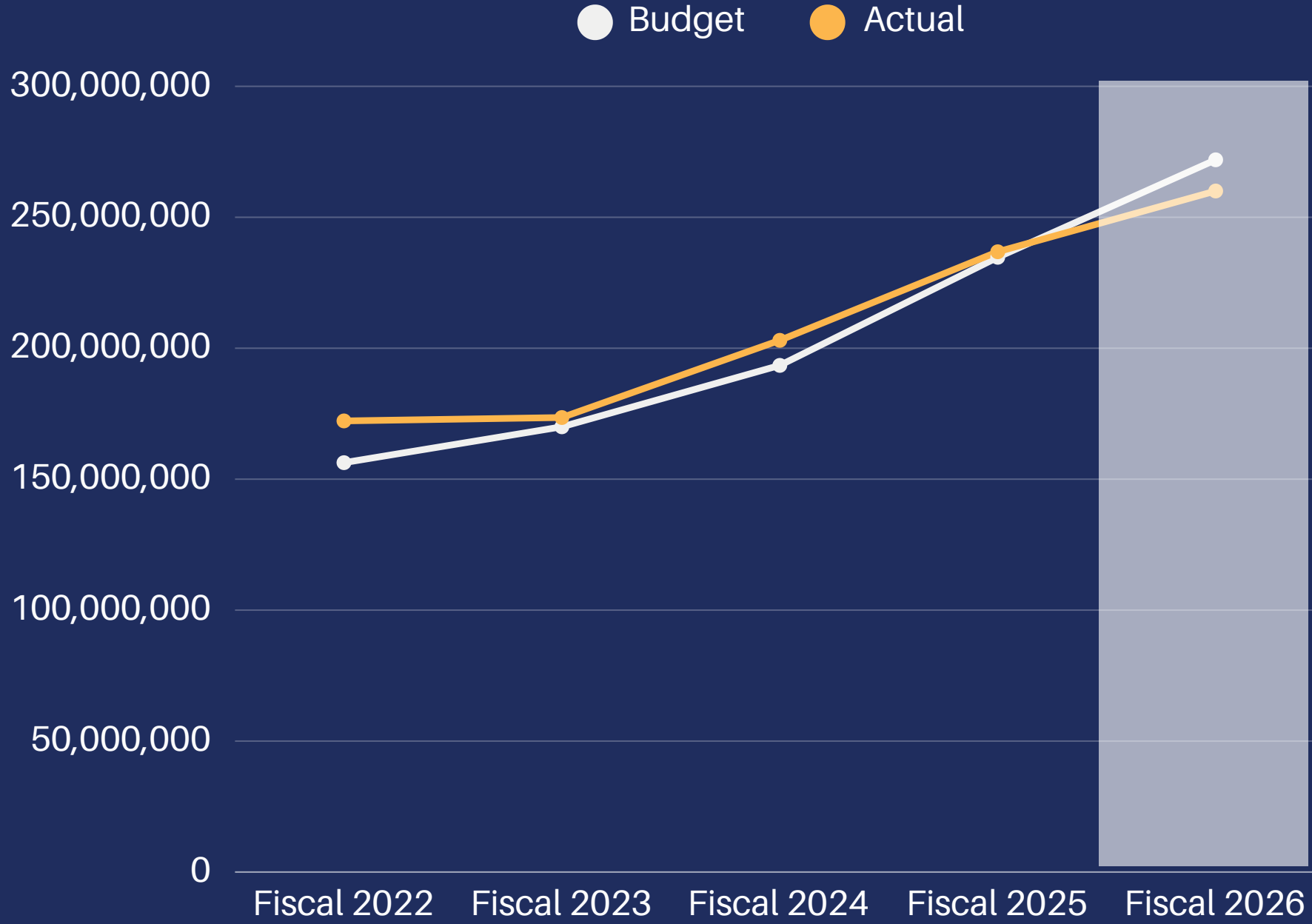
Tipping Fees

- 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 54.3% decline in tonnage following the fee increase.
 - Despite the loss in projected revenue, this behavior change is reducing pressure on the City’s landfill.



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Highway User Revenue



Key Stats

Total Budget	\$271.9 Million
Q3 Projection	\$260.0 Million
Variance	-\$11.9 Million / -4.4%

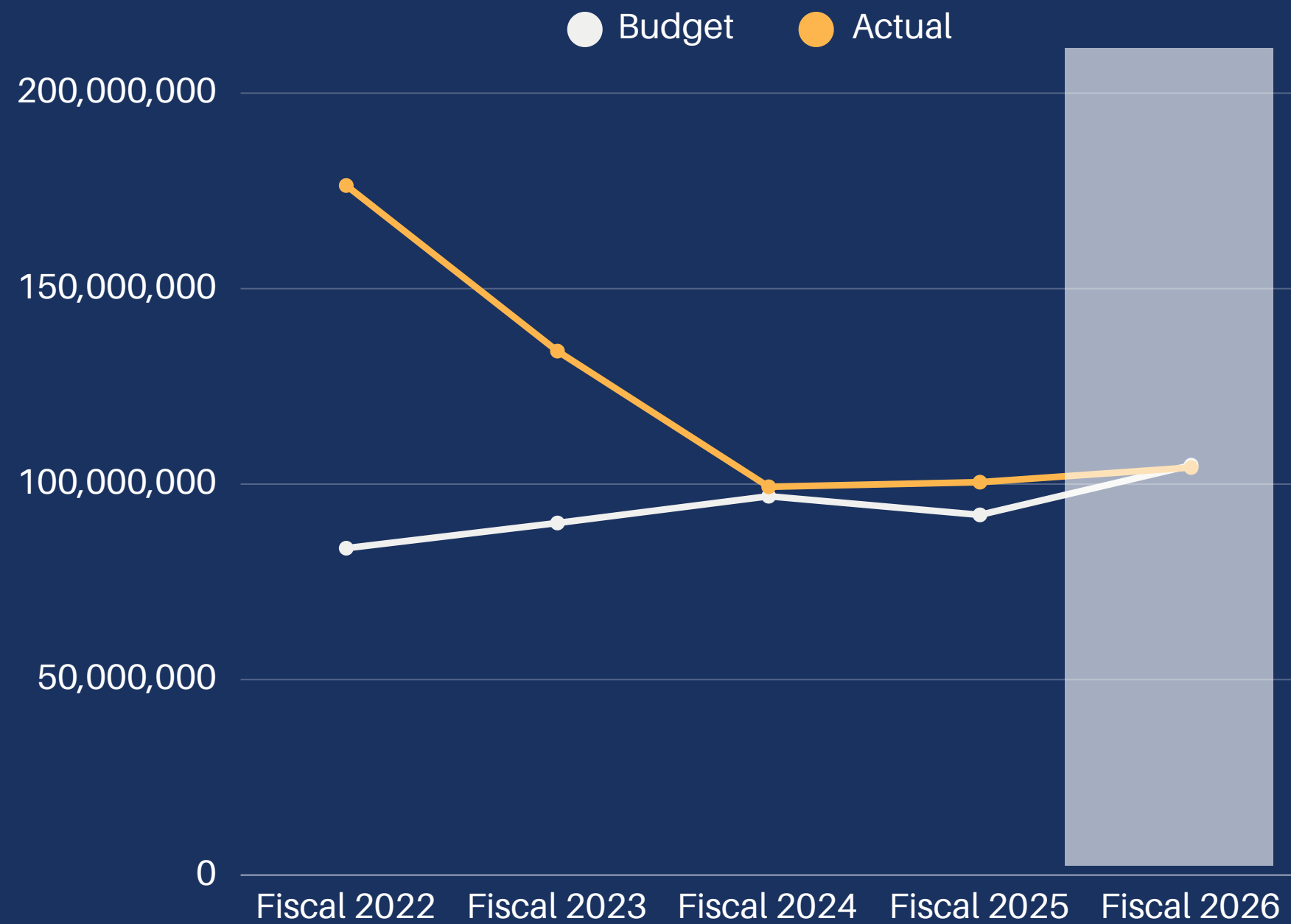
Summary

- Q3 projected revenue is down by \$6.8M (2.5%) compared to Q2 projections, and \$11.9M from budget.
- The reduction is explained by the drop in Titling Tax and Corporate income tax receipts, which account for 34.0% and 17.0% respectively of the total HUR.
- HUR Components:
 - Motor Vehicle Fuel Tax (+3.3%),
 - Corporate Income Tax (-11.8%),
 - Sales and Use Tax (-36.21),
 - Motor Vehicle Title Tax (-8.3%),
 - Motor Vehicle Registration (+16.8%)
- Growth in registration fees is driven by increase in rates.



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Transfer & Recordation Taxes



Key Stats

Total Budget	\$104.8 Million
Q3 Projection	\$104.2 Million
Variance	-\$0.6 Million / -0.6%

Summary

Transfer Tax: (-\$0.1M)

- The number of transactions is lower, but average residential value is up:
 - Number of Transactions: -13.9% (FY25=20,475; FY26=17,634)
 - Residential Value: +5.8% (FY25=\$249.2k; FY26=\$263.7k)

Recordation Tax: (\$0.5M)

- Number of transactions is lower 11.9% compared to Fiscal 2025.
- Average value per transaction increased by 11.0% compared to Fiscal 2025.
- Significant changes in mortgage rates could impact Recordation Tax revenue.



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FY 2026 Expenditure Overview



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Fiscal 2026 - Expenditure Projection History

Sharp decline in Q3 projection driven almost entirely by snow response costs.



Deficit Agencies

Year-End Variance > Adopted Budget

Agency	Explanation	Q3 Deficit/Surplus	Q2 Deficit/Surplus	Q1 Deficit/Surplus
Transportation	Snow event response, traffic camera invoicing, and street light maintenance and repair costs	-\$94.9 Million	-\$2.2 Million	\$373k
Fire	Net overtime costs, and increased wage costs resulting from arbitration decision	-\$28.9 Million	-\$26.9 Million	-\$24.6 Million
Police	Net overtime costs, and IT contracts	-\$20.9 Million	-\$19.0 Million	-\$16.3 Million
MR: Miscellaneous General	Prior FY Digitech invoice (EMS Billing), centralized printing spend vs decentralized budget	-\$13.9 Million	-\$7.7 Million	-\$97k



Deficit Agencies

Year-End Variance > Adopted Budget

Agency	Explanation	Q3 Deficit/Surplus	Q2 Deficit/Surplus	Q1 Deficit/Surplus
MR: Civic Promotion	Support for the public markets	-\$2.3 Million	\$0	\$0
Sheriff	Net overtime costs	-\$2.3 Million	-\$2.3 Million	-\$1.4 Million
Mayoralty	Personnel costs, unbudgeted food expenses.	-\$1.8 Million	\$0	-\$16k



Deficit Agencies

Year-End Variance > Adopted Budget

Agency	Explanation	Q3 Deficit/Surplus	Q2 Deficit/Surplus	Q1 Deficit/Surplus
MR: Art and Culture Grants	Benefit costs for BMA and Walters Art Gallery positions	-\$1.1 Million	-\$1.0 Million	-\$376k
MR: Baltimore City Schools	Private Pre-K funding	-\$1.0 Million	-\$1.0 Million	-\$1.0 Million
MR: Labor Commissioner	Legal fees for union negotiations	-\$676k	-\$626k	-\$380k
Finance	Promise Pay implementation, accounting and payroll support	-\$378k	+\$38k	+\$939k



Deficit Agencies

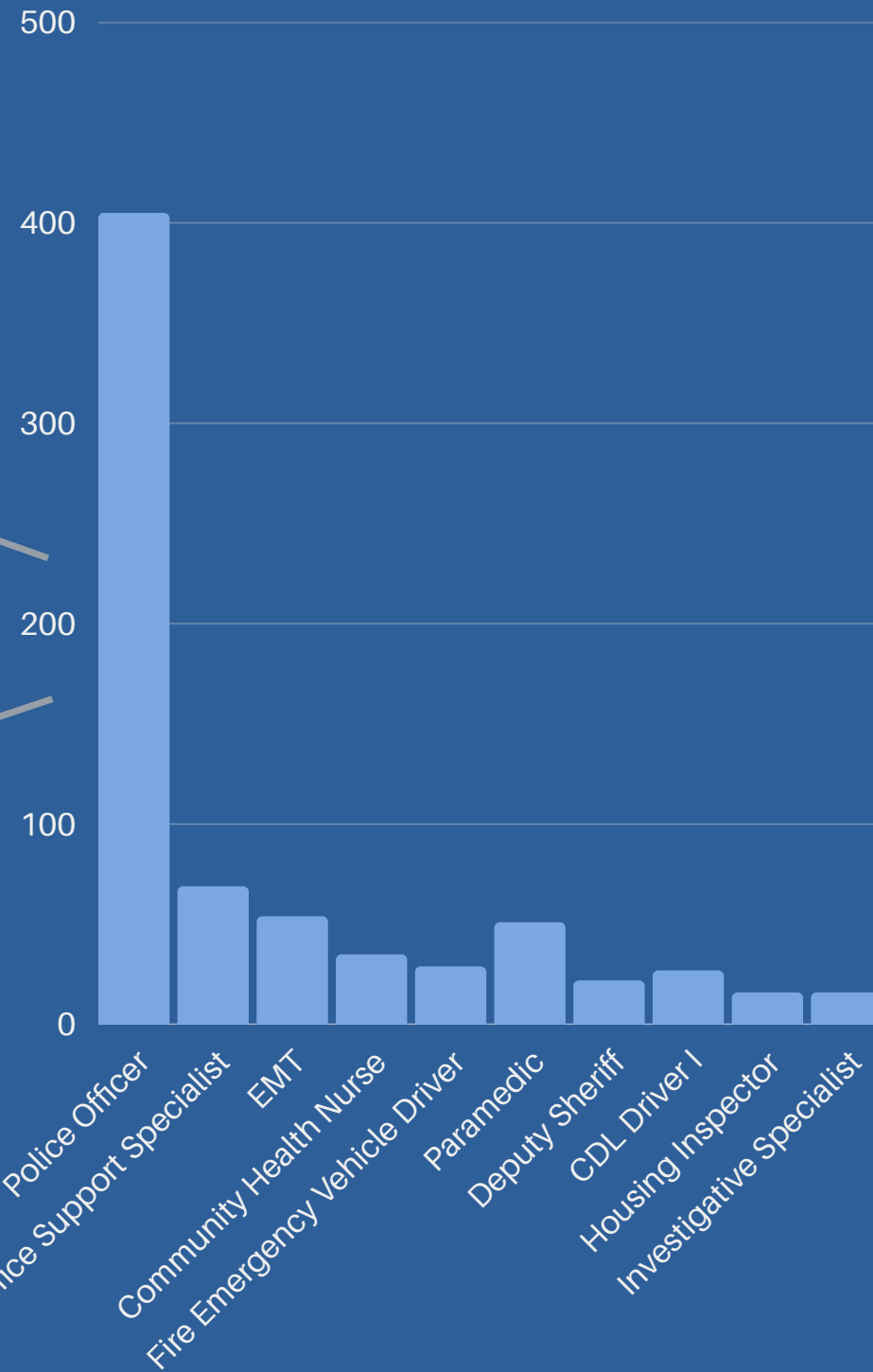
Year-End Variance > Adopted Budget

Agency	Explanation	Q3 Deficit/Surplus	Q2 Deficit/Surplus	Q1 Deficit/Surplus
MR: Cable and Communications	Current staffing levels exceeding assumed vacancy savings	-313K	-\$215k	-\$197k
Recreation and Parks	Maintenance expenses for parks and recreation centers	-\$330k	-\$1.1M	-\$374k
Law	Unplanned expense for digital investigation software.	-\$157K	+\$18k	+\$28k

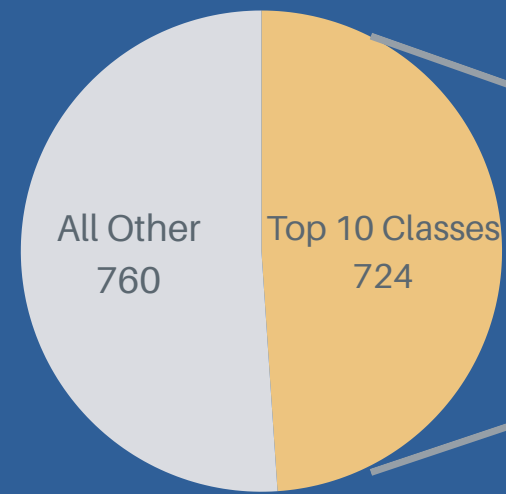


Vacancies

General Fund Vacancies: Fiscal 2026
(April 1st 2026)



All Gen. Fund Vacancies



Key Stats

GF Vacancies (Q3 FY26)	1,484
GF Vacancy Rate (Q3 FY26)	14.55%
GF Vacancy Trend	-0.5% from December 2025

Summary

- Vacancies are trending down overall but the pace of decline is slowing down
 - Change from FY25 Q4 to FY26 Q1: -16%
 - Change from FY26 Q1 to FY26 Q2: -3%
 - Change from FY26 Q2 to FY26 Q3: -0.5%
- Largest improvement in vacancy count is Police Department; down 33 vacancies vs. December



Surplus Agencies

Year-End Surplus > \$1.0M

Agency	Explanation	Q3 Deficit/Surplus	Q2 Deficit/Surplus	Q1 Deficit/Surplus
Convention Complex	Lower chilled water utility costs and lower A&A Tax payment to CFG	\$3.1M	\$3.9M	\$3.6M
State's Attorney	Surplus primarily from vacancy savings	\$3.1M	\$2.7M	\$5.6M
Comptroller	Surplus primarily from vacancy savings	\$2.6M	\$2.2M	\$1.9M
Information Technology	Surplus from contractual services, vacancy savings, and delay in Municipal ID operations	\$2.6M	\$2.6M	\$1.5M



Surplus Agencies

Year-End Surplus > \$1.0M

Agency	Explanation	Q3 Deficit/Surplus	Q2 Deficit/Surplus	Q1 Deficit/Surplus
Public Works	Savings from tipping fees, and lower vehicle maintenance costs	\$2.5M	\$597k	\$4.9M
Enoch Pratt	Surplus primarily from vacancy savings	\$2.3M	\$2.66M	\$1.53M
MR Debt Service	Deferral of 2025 GO Bond issuance, offset by one-time costs for retired State debt on closed school buildings	\$2.6M	\$0.0M	\$0.0M
MR TIF Debt Service	Deferral of Perkins Somerset TIF issuance	\$1.5M	\$0.0M	\$0.0M





Questions



Brandon M. Scott
Mayor

BM  RE BUDGET