

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1125
Appropriations

(Delegates Phillips and White Holland)

State Capital Program - Covered Projects - Public Engagement and Community Outreach Requirements (Community Engagement and Outreach Act of 2026)

This bill requires a unit of State government proposing a “covered project” to complete a community engagement plan, along with community outreach activities, by June 30 of the fiscal year preceding the fiscal year in which a covered project is anticipated to begin. Additionally, the bill specifies reporting requirements for the Department of Budget and Management (DBM) and each unit of State government proposing a covered project. DBM must adopt regulations to implement the bill. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: State expenditures (all funds) may increase significantly, potentially by more than \$20.0 million annually, beginning in FY 2027 to conduct community outreach activities for covered projects. No effect on total capital expenditures, as discussed below. Revenues are not affected.

Local Effect: Local government expenditures may increase beginning in FY 2027, as discussed below. Local government revenues are not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary: A “covered project” is the construction, installation, or substantial alteration of physical infrastructure of any capital project requested by a unit of State government in accordance with State law that has the potential to create material impacts on noise, visibility, environmental conditions, or community character that: (1) is

constructed on State owned or leased property or is funded in whole or in part with State funds, and (2) exceeds \$2.0 million in total project costs or includes a structure that exceeds 75 feet in height. The bill specifies that miscellaneous grant programs in the capital budget and Senate and House initiatives are not covered projects.

A community engagement plan must include:

- a plain language summary of the covered project;
- the map of the affected area within the community outreach radius;
- a description of environmental or public health considerations;
- a timeline for the project design and construction; and
- contact information for public inquiries.

Community outreach activities with each residence, business, and community organization located within a one-mile radius of the project footprint must include:

- providing notice by mail at least 45 days prior to any decision to approve or finalize the project;
- posting public notice online on the unit's website;
- posting public notice in at least one local newspaper;
- conducting at least one public meeting in the area with an option for virtual participation; and
- allowing members of the public a 30-day public comment period.

By October 1, 2027, and annually thereafter, each unit of State government proposing a covered project must submit a community engagement and outreach report for the project to DBM as specified. By December 1, 2027, and annually thereafter, DBM must submit a compiled report of the required submissions to the governing body of impacted counties or municipalities, the General Assembly, and the Legislative Policy Committee.

Current Law: DBM must study each capital project proposed by a unit of State government. Except for emergency capital projects, a unit of State government requesting a capital project must submit its request to DBM by June 30 of the fiscal year preceding the fiscal year in which the capital project is to begin. Each request for a capital project by a unit of State government must include a detailed list of all proposed expenditures for capital improvements to be funded from grants or nonbudgeted revenues.

Before an appropriation may be authorized for preliminary planning of a proposed capital project, the unit of State government requesting the appropriation is required to submit to DBM a program describing, in detail, the scope and purpose of the project. The Secretary of Budget and Management must approve the program.

Before an appropriation may be authorized for construction of a proposed capital project, the unit of State government requesting the appropriation must submit to the Department of General Services (DGS) and DBM a detailed design program, which must include all information required by DGS and DBM; and both the Secretary of General Services and the Secretary of Budget and Management must approve the detailed design program. No change may be made in any proposed capital project after the preliminary plan for that project has been completed and approved unless approved by both Secretaries.

The National Environmental Policy Act

For major federal projects, the National Environmental Policy Act (NEPA) requires a range of alternatives to be considered and the environmental impacts of each alternative to be analyzed. This environmental impact statement is required prior to the commitment of federal funds to any major project or prior to any action taken by a federal agency that might cause a significant impact on the environment. Some of the basic steps in this process include a public scoping process, data collection, analysis of policy alternatives, and preparation of draft and final documents. The process involves numerous federal, state, and local partners.

State Expenditures: State expenditures (all funds) may increase significantly, potentially by more than \$20.0 million annually, beginning in fiscal 2027 to complete a community engagement plan, conduct community outreach activities, and meet the bill's reporting requirements for each covered project, as discussed below. There is no effect on total capital expenditures, which are fixed annually by the Governor and General Assembly through the capital budget process, subject to debt affordability limits. However, community outreach and engagement activities required by the bill may result in some project delays, postponing and increasing the costs of individual projects due to inflation. If covered projects are met with significant negative community feedback, there could be further delays from any project revisions. To the extent that individual capital budget project costs increase, funding for other capital projects is either reduced or delayed.

State Agencies with Covered Projects

The bill does not define a material impact on noise, visibility, environmental conditions, or community character for covered projects, so it is unknown how many capital projects meet that threshold. However, a majority of capital projects cost more than \$2.0 million in total project costs and could likely be deemed to be a covered project depending on how material impact is defined. The \$2.0 million threshold is not adjusted for inflation, so additional projects could become covered projects each year.

State agencies with covered projects may need to hire additional staff or consultants to conduct or oversee the community outreach and fulfill the bill's reporting requirements.

Additionally, State agencies may incur costs associated with direct mailings, newspaper postings, hosting meetings, and meeting materials. These costs could vary significantly, especially depending on the population density around a covered project.

For example, MDTA projects nonbudgeted expenditures increasing by \$80,000 per covered project for a third-party to satisfy the minimum community outreach requirements, totaling as much as \$10 million annually. Similarly, the State Highway Administration (SHA) estimates Transportation Trust Fund expenditures increasing by \$100,000 per project for consultant services, totaling \$10.6 million annually for 106 projects. Additionally, SHA notes four administrators are needed to oversee the consultants and public outreach efforts. Although both MDTA and SHA have community engagement policies and practices in place, they generally apply only to larger projects than those required under the bill, resulting in the higher costs for more projects.

The University System of Maryland institutions already have a policy on community notification of capital projects, which requires notifying adjoining property owners and local governments during the planning phase of a new structure or a substantial exterior modification of an existing structure. However, requirements of the bill are more extensive than this existing policy. Thus, the University of Maryland College Park Campus estimates higher education expenditures increase by approximately \$15,000 to \$20,000 per project to hire a consultant to prepare required materials, advertise, notify the required stakeholders by mail, conduct a meeting, and document public input. With several projects over the \$2.0 million threshold, UMCP anticipates higher education expenditures increasing by approximately \$100,000 annually. Other public higher education institutions may likewise experience an increase in higher education expenditures.

The Maryland Stadium Authority reports that it needs to hire three additional program managers to coordinate and conduct community meetings, along with incurring approximately \$90,000 of annual mailing and consultant expenses.

The Department of Legislative Services concurs that the bill may have a significant impact on State agencies. However, the actual impact cannot be determined at this time and depends on several factors, particularly how a “material impact” is defined and the population density of a covered project.

Reporting Requirement

By December 1, 2027, and annually thereafter, DBM must submit a compiled report of impacted agencies’ community engagement and outreach submissions that are submitted to DBM by October 1 annually. DBM notes that the Office of Capital Budgeting is fully extended from October through November and thus may not be able to review submissions without additional staff. To the extent that DBM is simply compiling the information and

not reviewing or verifying it, DBM can likely do so with existing resources.

Local Expenditures: The bill may result in project delays for covered projects, which could increase individual capital project costs. If any of those covered projects have local matching fund requirements or are otherwise partially funded by local governments, then local government expenditures may increase annually beginning in fiscal 2027.

Local governments may become better informed of covered projects and have more opportunities to provide feedback on covered projects.

Small Business Effect: Small businesses may become better informed of covered projects and have more opportunities to provide feedback on covered projects. To the extent that small businesses rely on covered projects and those projects are delayed, any delays may be detrimental for those small businesses.

Small businesses that are marketing consultants may benefit to the extent that State agencies use their services to conduct community outreach activities.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 318 (Senator Brooks) - Budget and Taxation.

Information Source(s): Board of Public Works; Department of Budget and Management; Department of General Services; Department of Public Safety and Correctional Services; Maryland Department of Transportation; Maryland Stadium Authority; University System of Maryland; U.S. Environmental Protection Agency; Department of Legislative Services

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