

Department of Legislative Services
 Maryland General Assembly
 2026 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 1413 (Delegate Hornberger)
 Rules and Executive Nominations

Maryland Department of Planning - District of Columbia Retrocession - Study

This bill requires the Maryland Department of Planning (MDP) to conduct a study and make recommendations on the potential economic and fiscal impacts of the retrocession of the District of Columbia to the State. The study must exclude the federal enclave of the National Capital Service Area, including the U.S. Capitol, the White House, the U.S. Supreme Court, and principal federal executive departments. By December 1, 2026, MDP must submit a report of its findings and recommendations to specified committees of the General Assembly. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: General fund expenditures increase by *at least* \$924,400 in FY 2027 only to conduct the study and complete the required report by December 1, 2026, as discussed below. Revenues are not affected.

(in dollars)	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	924,400	0	0	0	0
Net Effect	(\$924,400)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Montgomery and Prince George’s counties can likely consult with existing resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: In conducting the study, MDP must:

- estimate the impact on State income, sales, and corporate tax and any other revenues resulting from the addition of District residents and businesses to the State;
- evaluate the cost and logistics of assuming responsibility for (1) the maintenance and operation of the District's transportation infrastructure and public transit systems; (2) the administration and funding of the District's public school system; and (3) the provision of public safety and emergency services;
- assess the impact of assuming or restructuring the District's municipal debt, pension obligations, and other long-term liabilities;
- analyze the impact on the State's labor market, housing costs, and overall gross State product;
- identify potential barriers to integrating the District's laws, professional licenses, and regulatory requirements into the Annotated Code of Maryland; and
- identify necessary modifications to the Maryland Constitution or the Maryland Charter for any impacted counties.

MDP must also consult with (1) the Comptroller of Maryland; (2) the Maryland Department of Budget and Management (DBM); (3) the Office of the Attorney General (OAG); (4) representatives from the District of Columbia government; (5) representatives from Montgomery and Prince George's counties; (6) constitutional and legislative policy experts; and (7) any other stakeholders MDP considers appropriate.

Current Law: Title 6 of the General Provisions Article specifies provisions, among other things, related to (1) the jurisdiction reserved by the State over the land and persons, property, and transactions on the land, with respect to land that the United States or any unit of the United States leases or otherwise holds in Maryland, and the jurisdiction and authority of the State with respect to land that the United States or a unit of the United States acquired before May 31, 1943, to the extent the State ceded jurisdiction under specified acts of the General Assembly, including any other act in which the State gave consent for the acquisition of property and ceded jurisdiction with respect to the property; (2) agreements on concurrent jurisdiction for purposes of enforcing the civil or criminal laws of the State over any land in Maryland held by the United States; and (3) reversions of land to the State if the United States ceases to hold land acquired by specified prior acts of the General Assembly.

State Expenditures: MDP does not have the requisite expertise available in-house to conduct the required study; likewise, certain other State agencies do not have sufficient capacity or expertise to assist. Accordingly, general fund expenditures increase by *at least*

\$924,417 in fiscal 2027 only to complete the study and submit the required report, with a heavy reliance on consultants and contractual staff as shown and discussed further below.

Contractual Positions	4.0
Salaries and Fringe Benefits	\$240,630
Consultant Costs	650,000
Operating Expenses	<u>33,787</u>
Total FY 2027 State Expenditures	\$924,417

Other costs are likely to be incurred but cannot be readily quantified at this time. However, the estimate reflects the following costs in fiscal 2027:

- a consultant, likely a multidisciplinary firm, for MDP at an estimated cost of \$500,000 to handle a significant portion of the work necessary to complete the study (including data collection and analysis) and assist in coordinating information from the specified other agencies in the bill and other stakeholders as needed;
- two contractual assistant Attorneys General and one contractual paralegal for OAG at a cost of \$204,976 to research and analyze the many legal and constitutional issues for the study, including integration of laws, professional licenses, and regulatory requirements into the Annotated Code of Maryland; identification of necessary modifications to the Maryland Constitution or the Maryland Charter for any affected Maryland counties; and advising on other inquiries and issues;
- two consultants (attorneys) for the Comptroller at a cost of \$150,000, specifically to assist in analyzing integration of the District’s laws, professional licenses, and regulatory requirements with regard to the taxes and fees administered by the Comptroller, unclaimed property, and enforcement of the business licensing requirements under the authority of the Comptroller – as well as to presumably assess the impact on State tax revenues; and
- one contractual labor market economist for the Maryland Department of Labor at a cost of \$69,441 to analyze the impact on the State’s labor market, housing costs, and overall gross State product.

Given the required reporting date of December 1, 2026, the estimate assumes that the contractual positions and consultants can be in place concurrent with the bill’s July 1, 2026 effective date. Even so, additional resources may be required for the agencies identified above. The estimate assumes all such staffing is for a six-month period only.

This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State’s implementation of the federal Patient Protection and Affordable Care Act.

This estimate does not reflect diversion of resources or costs incurred by several other agencies to assess effects related to additional issues to be studied – in particular, public safety and emergency services, transportation, education, debt, pension obligations, and other long-term liabilities. Accordingly, many more agencies likely need to participate, including the Maryland Department of Emergency Management, Department of Public Safety and Correctional Services, Department of State Police, Maryland Department of Transportation, Maryland State Department of Education, Treasurer’s Office, State Retirement Agency, and DBM (as identified in the bill). Some of them, such as DBM, may be able to assist with existing resources. Others, even with expertise in the areas required to be studied, may need to hire contractual staff or consulting services. The estimate does not account for any such additional costs.

Additional Comments: Legislation has been introduced in the Maryland General Assembly to urge members of Congress to grant statehood to the District of Columbia (House Joint Resolution 9 of 2024 and House Joint Resolution 7 of 2019). However, multiple bills have been introduced in the U.S. Congress to grant retrocession of the District of Columbia (or certain portions) to Maryland (*e.g.*, H.R. 980, 118th Congress, “Washington, D.C. Residents Voting Act;” H.R. 472, 117th Congress, “District of Columbia-Maryland Reunion Act;” and H.R. 810, 107th Congress, “District of Columbia Retrocession Act.”

Additional Information

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

Designated Cross File: None.

Information Source(s): Montgomery and Prince George’s counties; Office of the Attorney General; Comptroller’s Office; Department of Budget and Management; Maryland Department of Planning; Maryland Department of Labor; Maryland State Department of Education; Maryland Department of Transportation; Department of Public Safety and Correctional Services; Department of Legislative Services

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