



OFFICE OF MANAGEMENT & BUDGET

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MEMORANDUM

To: The Honorable Marvin L. Abney, Chairman, House Finance Committee
The Honorable Louis P. DiPalma, Chairman, Senate Finance Committee

From: Joseph Codega Jr., Budget Officer *Joseph M. Codega Jr.*

Date: March 11, 2026

Subject: Amendments to FY 2027 Appropriations Act (26-H-7127)

Governor's Budget Amendment #5

The Governor requests several amendments to the FY 2027 Appropriations Act. The provisions and policy goals underlying these amendments are set forth below, with associated legislative changes and/or additions detailed in the subsequent technical section.

Personal Income Tax Bracket at \$1.0 million. Within Article 5 Relating to Taxes and Fees, this amendment would clarify that the new personal income tax bracket begins as \$1.0 million in 2027 dollars. This amendment does not make any substantive change to the Governor's original proposal but is merely offered to clarify the threshold for the new tax bracket.

\$1.00 Tax Cap on Cigars. Within Article 5 Relating to Taxes and Fees, this amendment would revise the proposed tax cap for cigars to \$1.00. The Governor originally proposed increasing the maximum tax on cigars from \$0.50 to \$2.00. This amendment changes the proposed increase from \$2.00 to \$1.00. The expected revenue increase from the \$2.00 proposal was \$621,090 in FY 2027; the expected revenue increase from this \$1.00 proposal is \$557,017.

Green Economy and Clean Energy Bonds for the Marine Infrastructure Development subproject. Within Article 6, Relating to Capital Development Program, this technical amendment seeks to remove the term, "office space", on Question 5: Green Economy and Clean Energy Bonds to more accurately reflect the proposed use of the bond.

If you have any questions regarding these amendments, please feel free to call me or my staff at 222-6300.

cc: Sharon Reynolds Ferland, House Fiscal Advisor
Stephen Whitney, Senate Fiscal Advisor
Thomas Verdi, Interim Director of Administration
Brian Daniels, Director, Office of Management and Budget

26-H-7127: RELATING TO MAKING APPROPRIATIONS IN SUPPORT OF FY 2027

Article 5 – Relating to Taxes and Fees

Page 117, After Line 24. Insert the following language: “The threshold amount of \$648,398 shall be \$1,000,000 adjusted for inflation for Tax Year 2027. If the inflation adjustment calculated in accordance with subparagraph 44-30-2.6(c)(3)(E) for Tax Year 2027 results in a dollar amount less than or more than \$1,000,000, the adjusted amount shall be rounded to \$1,000,000.”

Page 102, Line 18: Strike “two dollars (\$2.00)” and replace with “one dollar (\$1.00)”.

Article 6 – Relating to Capital Development Program

Page 136, Lines 7-9: Amend as follows: “Provides one million dollars (\$1,000,000) to provide asset protection and emergency repair needs for most facilities, including recreational facilities, ~~office space~~, marine infrastructure, and more.”