

News Release

Franchot Releases FY 2022 Closeout Report with \$2 Billion Fund Balance

State's revenue growth driven by income tax collections, continued impact of federal stimulus aid; portion of surplus automatically transferred to reserve funds

ANNAPOLIS, Md. (September 14, 2022) — Comptroller Peter Franchot today announced the State of Maryland has closed its books on Fiscal Year 2022 with a revenue surplus of \$2 billion in its general fund, the second straight year that the State's coffers have seen a massive unanticipated influx of revenues in the year-end report.

[Officially, the state closed Fiscal Year 2022 with a balance of \\$5.5 billion in the General Fund.](#) Of this amount, the General Assembly allocated \$3.5 billion for fiscal year 2023 operations. As mandated by statute, \$870 million of the \$2 billion fund balance was transferred to the Rainy Day Fund and the Fiscal Responsibility Fund, leaving a final balance of \$1.121 billion in unassigned revenues.

This is the first year that part of the unassigned balance is automatically transferred to the State's reserve accounts. About \$500 million will be redirected to the Rainy Day Fund, boosting its balance to \$1.66 billion, while \$370 million will go to the Fiscal Responsibility Fund, which supports capital investments in K-12 public schools, community colleges and public higher education institutions, as well as pay increases for eligible state government employees represented by collective bargaining units.

The growth in revenue was largely driven by an increase in personal income tax receipts among the wealthiest taxpayers and the sustained impact of federal stimulus aid coursing through the state's economy.

"Maryland remains fiscally strong and can afford to invest in priority areas like education, transportation, healthcare and public safety," said Comptroller Franchot. "However, we know these good times won't last forever so it's

important that we prepare now for the economic downturn that we're starting to see signs of by bolstering our reserve accounts.”

In remarks delivered at Wednesday's Board of Public Works meeting, Comptroller Franchot emphasized that the positive closeout report is welcome news that should be taken with caution, due to the volatile global economy.

“We continue to feel the ripple effects from the COVID-related fiscal policies, but it's important to note that those ripples will grow smaller and less significant in the years ahead,” Franchot said. “In simpler terms, future governors and legislatures should not bank on billion-dollar surpluses to be the norm as we cannot, and never have, defied the laws of economic gravity.

“With the Federal Reserve tightening monetary policy, as well as inflation continuing to have broad impact on the cost of living and the cost of doing business for Marylanders, it's more likely than not that our state and our nation are headed for choppy economic and fiscal waters in the coming years,” Franchot added.

Due to that fiscal uncertainty, the Comptroller urged policymakers to deposit the full unassigned balance of \$1.121 billion into the Rainy Day Fund to better prepare for an economic disaster.

“We must heed the lessons learned from the COVID-19 pandemic. Many residents and businesses who desperately needed help did not receive a dime of assistance from state government, either because they weren't eligible for the programs or because the money ran out,” Franchot said. “We can't let that happen again, and until we know what our economic conditions will be like a year from now, it would be imprudent to spend this money.”

Maryland reported a \$2.5 billion fund balance in the Fiscal Year 2021 closeout report, which was a direct reflection of federal stimulus funding that significantly increased personal and business income, and expanded consumer spending.

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