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News Release

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Comptroller Franchot's Statement on Updated Revenue Estimates

Federal stimulus packages positively impact state's economic outlook, even as COVID-19 pandemic lingers

ANNAPOLIS, Md. (March 9, 2021) - The Board of Revenue Estimates voted today to slightly decrease the revenue projections for Fiscal Year 2021 by 0.004 percent to $18.8 billion, representing a $779,000 decrease from the December estimates. Additionally, the Board revised the projection for Fiscal Year 2022 to $20.1 billion, representing a 1.5 percent increase, or $299 million change, from the previous estimates.

Due to emergency legislation and veto overrides, today's revenue estimates actually represent a 2.3 percent increase for FY21 and a 2.4 percent increase for FY22, or $424.0 million and $473.3 million, respectively. The largest share of the difference is directly attributable to the extraordinary amounts of federal stimulus that have been received as a result of the relief bills passed by Congress and the anticipation of a third stimulus package later this month.

The direct consumer impacts as well as the macroeconomic impacts have provided a significant benefit to State revenues and accelerated the economic expansion.

The following is an excerpt of Comptroller Franchot's remarks, as prepared for delivery (view the PowerPoint presentation and the revenue table):

"These are tremendous numbers, spurred by the record amounts of federal stimulus from December and what we expect Congress to pass this week or the next. While this is overall good news, we must not let today's report lull us into thinking that Maryland's economy is close to full recovery.

"As noted in this report, today's numbers have been adjusted to include several factors that have occurred in the last few months. A second federal stimulus passed in December provided this state

with another cash infusion to help many Marylanders and the possibility a third federal stimulus could bring additional funds to our state.

"At the same time, a higher confidence and availability in COVID-19 vaccines, combined with decreasing case numbers in Maryland, gives us hope we're coming close to the end of the pandemic and resuming our normal lives.

"The first two stimulus packages have especially had an impact on consumer spending and helped some smaller, non-corporate businesses see a profit.

"While today's report is good news for the state's bottom line and underscores the strong bones of our state's economy and our ability to weather tough times; it does not, however, represent the experience for many Maryland families who continue to face some of the toughest financial times of their lives right now.

"Every day of this pandemic further exposes the sobering fact that many Marylanders continue to suffer from this economic downturn. The economic consequences of this pandemic have further widened the economic fault lines that existed before COVID-19 forced our economy to shut down. For so many of our friends and neighbors who are in low-wage jobs, they continue to suffer from the devastation this pandemic continues to cause.

"While the economy expands, we are down nearly 138,000 jobs across Maryland since the pandemic started, with the ranks of the service industry being hardest hit. We estimate a loss of around 30,000 of our 170,000 businesses across this state before the pandemic ends. That's a lot of people without jobs who are still trying to figure out how to pay their rent or how to feed their children and a lot of business owners who are seeing their dreams coming to an end.

"The measures the state has taken to help Marylanders during this time, including the RELIEF Act and expansion of the Earned Income Tax Credit to Individual Tax Identification Number filers is a start, but we must never forget the Marylanders who remain in dire straits through no fault of their own. There is still so much more we should do.

"This report may allow us to be more confident about Maryland's overall fiscal picture for the next two years, but there is still much uncertainty in the future. The pandemic has taught us that months and even years of planning and projections can change in an instant.

"It would remain very wise for all of us to not assume that our current road to recovery automatically leads to one of guaranteed and sustained prosperity. We must be smart with our money and prepare for economic gravity to kick in at some point. I've said this in the past and I'll say it again: What goes up … must come down."

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