

# News Release

## Board of Revenue Estimates Approves Modest Adjustments to FY 2024 and FY 2025 Forecasts

ANNAPOLIS, Md. (March 7, 2024) — During the March meeting for the [Board of Revenues Estimates](#) on Thursday, the board, consisting of its chair, **Comptroller Brooke E. Lierman**, **Treasurer Dereck E. Davis**, and Department of Budget and Management **Secretary Helene T. Grady**, voted to approve the state's updated revenue forecast for Fiscal Years 2024 and 2025, reflecting a moderate approach with slowing growth rates but no recession.

The board voted to accept a general fund revision for FY 2024 of \$24.523 billion, a reduction of \$120.3 million compared to the December estimate, and an increase of 3.6% over the general fund revenue for FY 2023. Meanwhile, FY 2025 general fund revenue is projected to total \$24.784 billion, a reduction of \$134.9 million compared with December's estimate and a 1.1% increase ahead of FY 2024 estimates.

"The Board of Revenue Estimates' middle-ground approach for these revised estimates is sensible and responsible given the currently-unexplained divergence between our economic data and our revenue data. I look forward to closely monitoring our revenues over the next several months to track whether we start to see stronger alignment between tax and economic data and whether revenue trends shift," **Comptroller Lierman** commented. She went on to reiterate the important role labor participation has in the state's current economic performance, including our state's sluggish broad-based private sector growth.

"We need more Marylanders in the workforce for stronger economic growth and revenue growth. We also need to continue to work together to institute policies that support more people, especially individuals of prime working age, coming to Maryland and to ensure our labor force is well-prepared to meet the evolving challenges and demands of today's economy."

Analysts point to a sharp decrease in withholding income tax revenues (from 7.2% during the 2022 calendar year to 2.9% in 2023), but they noted that the economic data does not reflect a slowdown. Robert Rehrmann, director of the Bureau of Revenue Estimates, also explained that a reduction in personal income tax was due to slowing withholding collections and a modest reduction in estimated payments. There also was a decrease in sales and tax revenues in FY 2024.

The forecast also considers changes to federal economic policies, including the end of trillions of dollars in additional economic assistance individuals received during the pandemic to promote economic growth and the raising of interest rates to slow inflation.

Maryland's ongoing general fund revenue experienced a 4.1% annual growth in the five years preceding the global pandemic and a 13.1% annual growth during FY 2021 and FY 2022. However, the annual growth is expected to slow to 0.1% for FY 2024 and remain below pre-pandemic levels through FY 2029.

Materials from the Board of Revenue Estimates' meeting will be available later this afternoon at this link: <https://mdbre.gov/revenue-estimates.php>.

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**The Bureau of Revenue Estimates** serves as economic staff for the Comptroller and staff for the Board of Revenue Estimates. As such, the Bureau forecasts and analyzes the State and national economies; forecasts, analyzes, and monitors State revenues; and analyzes the effects of State and federal tax legislation on the State's revenues. In addition, the Bureau provides updates and analyses of the State's economy, revenue performance, and revenue forecasts to the bond rating agencies prior to every bond sale and otherwise as conditions warrant. For more information, visit <https://www.marylandtaxes.gov/divisions/bre.php>.

#### **Members of the Board of Revenue Estimates:**

Comptroller Brooke E. Lierman, Chair

Treasurer Dereck E. Davis

Department of Budget and Management Secretary Helene T. Grady

Bureau of Revenue Estimates Director Robert J. Rehrmann is the Board's Executive Secretary.

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