

News Release

Comptroller Brooke Lierman Releases FY 2023 Closeout Report With \$555 Million Budget Surplus

State revenue growth meets revenue forecasts, remains positive

ANNAPOLIS, Md. (September 18, 2023) - Comptroller Brooke Lierman today announced the State of Maryland has closed its books on Fiscal Year 2023 with an unassigned general fund balance of **\$555 million**.

The state closes Fiscal Year 2023 with a General Fund balance of **\$2.584 billion**. Of this amount, the General Assembly allocated **\$2.392 billion** for fiscal year 2024 operations. Previous estimates made in March by the Board of Revenue Estimates were within 2/10th of a percent of the Closeout Report.

“The Closeout Report closely follows revenue forecasts made in March by the Board of Revenue Estimates, signaling that Maryland’s economy remains stable but is experiencing some challenges, including the effects of national inflation, with a disproportionate impact being felt by our families making low- to moderate-incomes,” Comptroller Lierman said.

“Overall, the labor market has been resilient, as withholding income tax revenues increased by more than 5% in the fiscal year,” **Robert Rehrmann**, Director of the Bureau of Revenue Estimates said. “Maryland’s economic growth slowed, but remained positive, as the Federal Reserve raised interest rates to reduce inflation. Sales tax revenue growth slowed, showing that many low- and moderate-income Marylanders needed to use the savings they had accumulated during the pandemic to offset the rising prices for necessities.”

Maryland has a strong record of prudent fiscal management, as evidenced by its long-standing AAA bond rating. As established in statute, the revenue volatility cap mitigates the impact of volatile nonwage income on the State budget. In Fiscal Year 2022, nonwage income increased much more than forecasted, and \$870.3 million of

this unexpected windfall was deposited into the Rainy Day Fund and Fiscal Responsibility Fund per the requirements of the revenue volatility cap. In Fiscal Year 2023, nonwage income decreased more than expected, and although no revenue was distributed this fiscal year, the revenue volatility cap helped offset the stronger than expected decrease in nonwage income.

The Closeout Report reflects the challenges families and small business owners have faced. Although there are signs that inflation is slowing, many families and small businesses are still adjusting to the economic impact of COVID and rising costs – from rent, mortgages, to financing the purchase of a new vehicle. These factors highlight the need for more research into the ‘new normal’ that we find ourselves in post-pandemic.

In response to this slowdown, earlier this year the Comptroller’s Office embarked on an effort to more fully understand the structural changes in our economy and revenue base and the associated risks, challenges, and opportunities. The agency’s Policy Division partnered with its Bureau of Revenue Estimates and held a series of roundtables and interviews over the summer with local business, industry, and economic development leaders throughout the state to learn what they, their members, and their communities are experiencing on the front line of the state’s economy and what they need to grow, prosper, and succeed. This qualitative and quantitative data will be compiled into a report that the agency will issue this fall.

“In the next month, my office will release a report on the state of Maryland’s economy to help policymakers, leaders, and our partners in government better understand the structural changes in Maryland’s economy, the revenue base, and the risks, challenges, and opportunities we have,” Comptroller Lierman said. “The findings of this report will help to ensure that stakeholders have access to data to make the best possible decisions in a shifting economic environment.”

In the Fiscal Year 2022 Closeout Report, Maryland reported a \$2 billion unassigned fund balance, and in the Fiscal Year 2021 Closeout Report, Maryland had a \$2.5 billion unassigned fund balance. Both years’ balances were a reflection of federal stimulus funding that significantly increased personal and business income and expanded consumer spending. In Fiscal Year 2020, Maryland reported a \$585.8 million unassigned fund balance.

The next meeting of the Maryland Board of Revenue Estimates will be held on September 28.

For more information, here is the link to the [Closeout Report](#).

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MEDIA CONTACTS: Adam Abadir: AAbadir@marylandtaxes.gov

667-408-0768 (cell)

Barbara Sauers: bsauers@marylandtaxes.gov

410-212-9414 (cell)

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