September 29, 2020

Honorable Lawrence J. Hogan Jr.
Governor, State of Maryland
State House
Annapolis, MD 21401

Dear Governor Hogan:

The Board of Revenue Estimates submits to you revised general fund revenue estimates for fiscal year 2021 and the first official estimates for fiscal year 2022. We have reviewed the current estimate for fiscal year 2021 in light of the most recent economic data and revenue collections for fiscal year 2020. Based on our analysis, the Board submits a revised estimate of general fund revenues for fiscal year 2021 of $18.710 billion and an estimate of $19.666 billion for fiscal year 2022.

The Board and the Revenue Monitoring Committee will continue to meet and analyze revenue and economic trends in anticipation of December’s estimates.

Respectfully yours,

Peter Franchot, Chairman

Nancy K. Kopp

David R. Brinkley
## Maryland General Fund Revenues and Estimates
### Fiscal Year 2020
($) in thousands

<table>
<thead>
<tr>
<th>INCOME TAXES</th>
<th>March Estimate</th>
<th>May Guidance</th>
<th>Actual</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>10,587,327</td>
<td>10,340,016</td>
<td>10,698,875</td>
<td>111,548</td>
<td>358,859</td>
</tr>
<tr>
<td>Corporations</td>
<td>1,011,263</td>
<td>883,083</td>
<td>1,051,808</td>
<td>40,546</td>
<td>168,725</td>
</tr>
<tr>
<td>Total</td>
<td>11,598,589</td>
<td>11,223,099</td>
<td>11,750,683</td>
<td>152,094</td>
<td>527,584</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SALES AND USE TAXES</th>
<th>March</th>
<th>May</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,951,863</td>
<td>4,446,138</td>
<td>(316,990)</td>
<td>-6.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STATE LOTTERY RECEIPTS</th>
<th>March</th>
<th>May</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>530,950</td>
<td>509,959</td>
<td>17,562</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER REVENUES</th>
<th>March</th>
<th>May</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Franchise Taxes</td>
<td>246,174</td>
<td>236,076</td>
<td>(10,098)</td>
<td>2.4%</td>
</tr>
<tr>
<td>Insurance Premium Tax</td>
<td>351,649</td>
<td>369,944</td>
<td>18,295</td>
<td>5.2%</td>
</tr>
<tr>
<td>Estate &amp; Inheritance Taxes</td>
<td>196,947</td>
<td>192,492</td>
<td>4,455</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Tobacco Taxes</td>
<td>348,560</td>
<td>355,277</td>
<td>6,717</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Alcoholic Beverages Excises</td>
<td>32,878</td>
<td>29,986</td>
<td>2,892</td>
<td>-8.8%</td>
</tr>
<tr>
<td>District Courts</td>
<td>58,537</td>
<td>49,429</td>
<td>(9,108)</td>
<td>-15.8%</td>
</tr>
<tr>
<td>Clerks of Court</td>
<td>31,754</td>
<td>29,805</td>
<td>(1,949)</td>
<td>-6.1%</td>
</tr>
<tr>
<td>Hospital Patient Recoveries</td>
<td>57,402</td>
<td>55,603</td>
<td>(1,800)</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>50,000</td>
<td>38,977</td>
<td>11,023</td>
<td>-22.0%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>323,247</td>
<td>314,896</td>
<td>8,351</td>
<td>2.6%</td>
</tr>
<tr>
<td>Total</td>
<td>1,697,148</td>
<td>1,672,485</td>
<td>24,663</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL CURRENT REVENUES</th>
<th>March</th>
<th>May</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18,778,550</td>
<td>17,851,680</td>
<td>(144,445)</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>

Revenue Volatility Cap: #NA

<table>
<thead>
<tr>
<th>GRAND TOTAL</th>
<th>March</th>
<th>May</th>
<th>Difference</th>
<th>% Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18,736,332</td>
<td>17,811,548</td>
<td>(102,227)</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

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1 Adjusted for legislative changes in the 2020 session
2 May Guidance numbers are based on Moody’s S2 April 2020 scenario
3 Established by Chapters 4 & 550 of the 2017 Legislative Session and amended by the 2018 BRFA
4 There is no “actual” result for the revenue volatility item. Rather, revenue volatility on this table simply limits the overall general fund estimate. For example, had the volatility cap in place general fund revenues would have been down $144.4 million.

Board of Revenue Estimates, September 29, 2020
## Maryland General Fund Revenue Estimates
### Fiscal Year 2021
($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>March Estimate</th>
<th>May Guidance</th>
<th>September Revision</th>
<th>Difference March</th>
<th>Difference May</th>
<th>Annual Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME TAXES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>11,037,061</td>
<td>9,851,689</td>
<td>10,784,423</td>
<td>(252,638)</td>
<td>932,734</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Corporations</td>
<td>1,097,308</td>
<td>1,016,738</td>
<td>1,094,883</td>
<td>(2,424)</td>
<td>78,145</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,134,369</td>
<td>10,868,427</td>
<td>11,879,306</td>
<td>(255,063)</td>
<td>1,010,879</td>
<td>1.1%</td>
<td></td>
</tr>
<tr>
<td><strong>SALES AND USE TAXES</strong></td>
<td>5,040,690</td>
<td>4,391,553</td>
<td>4,624,463</td>
<td>(416,228)</td>
<td>232,910</td>
<td>-0.2%</td>
<td></td>
</tr>
<tr>
<td><strong>STATE LOTTERY RECEIPTS</strong></td>
<td>565,187</td>
<td>525,295</td>
<td>571,838</td>
<td>6,652</td>
<td>46,543</td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td><strong>OTHER REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Franchise Taxes</td>
<td>212,032</td>
<td>199,617</td>
<td>232,538</td>
<td>20,506</td>
<td>32,921</td>
<td>10.1%</td>
<td></td>
</tr>
<tr>
<td>Insurance Premium Tax</td>
<td>360,146</td>
<td>342,726</td>
<td>386,872</td>
<td>26,726</td>
<td>44,147</td>
<td>-2.3%</td>
<td></td>
</tr>
<tr>
<td>Estate &amp; Inheritance Taxes</td>
<td>176,511</td>
<td>158,187</td>
<td>173,023</td>
<td>(3,488)</td>
<td>14,836</td>
<td>-12.2%</td>
<td></td>
</tr>
<tr>
<td>Tobacco Taxes</td>
<td>341,553</td>
<td>346,092</td>
<td>348,246</td>
<td>6,939</td>
<td>2,154</td>
<td>-4.0%</td>
<td></td>
</tr>
<tr>
<td>Alcoholic Beverages Excises</td>
<td>33,159</td>
<td>30,014</td>
<td>22,678</td>
<td>10,481</td>
<td>(7,336)</td>
<td>-24.9%</td>
<td></td>
</tr>
<tr>
<td>District Courts</td>
<td>57,455</td>
<td>54,350</td>
<td>51,173</td>
<td>6,283</td>
<td>3,178</td>
<td>7.3%</td>
<td></td>
</tr>
<tr>
<td>Clerks of Court</td>
<td>31,392</td>
<td>28,013</td>
<td>31,531</td>
<td>140</td>
<td>3,518</td>
<td>7.6%</td>
<td></td>
</tr>
<tr>
<td>Hospital Patient Recoveries</td>
<td>58,190</td>
<td>54,563</td>
<td>58,089</td>
<td>(101)</td>
<td>3,525</td>
<td>-4.1%</td>
<td></td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>52,368</td>
<td>13,697</td>
<td>20,997</td>
<td>(31,371)</td>
<td>7,300</td>
<td>-55.1%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>319,396</td>
<td>309,045</td>
<td>309,045</td>
<td>(10,351)</td>
<td>-</td>
<td>-2.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,642,200</td>
<td>1,536,305</td>
<td>1,634,192</td>
<td>(8,008)</td>
<td>97,887</td>
<td>-3.9%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CURRENT REVENUES</strong></td>
<td>19,382,446</td>
<td>17,321,579</td>
<td>18,709,799</td>
<td>(672,647)</td>
<td>1,388,220</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Revenue Volatility Cap</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>19,382,446</td>
<td>17,321,579</td>
<td>18,709,799</td>
<td>(672,647)</td>
<td>1,388,220</td>
<td>0.4%</td>
<td></td>
</tr>
</tbody>
</table>

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Board of Revenue Estimates, September 29, 2020
## Maryland General Fund Revenue Estimates
### Fiscal Year 2022
($ in thousands)

<table>
<thead>
<tr>
<th>May Guidance(^2)</th>
<th>September Estimate</th>
<th>Difference</th>
<th>Annual Growth</th>
</tr>
</thead>
</table>

### INCOME TAXES
- **Individual**
  - FY 2022: 9,929,921
  - September: 11,200,369
  - Difference: 1,270,448
  - Growth: 3.9%
  - Guidance: 2

- **Corporations**
  - FY 2022: 952,592
  - September: 1,139,197
  - Difference: 186,605
  - Growth: 4.0%

- **Total**
  - FY 2022: 10,882,513
  - September: 12,339,566
  - Difference: 1,457,052
  - Growth: 3.9%

### SALES AND USE TAXES
- FY 2022: 4,444,192
- September: 4,938,104
- Difference: 493,912
- Growth: 6.8%

### STATE LOTTERY RECEIPTS
- FY 2022: 522,135
- September: 584,384
- Difference: 62,249
- Growth: 2.2%

### OTHER REVENUES
- **Business Franchise Taxes**
  - FY 2022: 194,641
  - September: 190,049
  - Difference: (4,592)
  - Growth: -18.3%

- **Insurance Premium Tax**
  - FY 2022: 543,855
  - September: 598,977
  - Difference: 55,122
  - Growth: 54.8%

- **Estate & Inheritance Taxes**
  - FY 2022: 155,226
  - September: 181,615
  - Difference: 26,389
  - Growth: 5.0%

- **Tobacco Taxes**
  - FY 2022: 337,822
  - September: 341,108
  - Difference: 3,286
  - Growth: -2.0%

- **Alcoholic Beverages Excises**
  - FY 2022: 31,110
  - September: 32,402
  - Difference: 1,293
  - Growth: 42.9%

- **District Courts**
  - FY 2022: 53,793
  - September: 53,072
  - Difference: (721)
  - Growth: 3.7%

- **Clerks of Court**
  - FY 2022: 27,676
  - September: 34,051
  - Difference: 6,375
  - Growth: 8.0%

- **Hospital Patient Recoveries**
  - FY 2022: 46,520
  - September: 59,301
  - Difference: 12,781
  - Growth: 2.1%

- **Interest on Investments**
  - FY 2022: 18,085
  - September: 24,796
  - Difference: 6,711
  - Growth: 18.1%

- **Miscellaneous**
  - FY 2022: 300,121
  - September: 300,121
  - Difference: 0
  - Growth: 0.0%

- **Total**
  - FY 2022: 1,708,848
  - September: 1,815,492
  - Difference: 106,643
  - Growth: 6.8%

### TOTAL CURRENT REVENUES
- FY 2022: 17,557,689
- September: 19,677,545
- Difference: 2,119,856
- Growth: 5.2%

### Revenue Volatility Cap\(^3\)
- FY 2022: -
- September: (11,876)
- Difference: (11,876)

### GRAND TOTAL
- FY 2022: 17,557,689
- September: 19,665,669
- Difference: 2,107,980
- Growth: 5.1%

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\(^2\) May Guidance numbers are based on Moody's S2 April 2020 scenario

\(^3\) Established by Chapters 4 & 550 of the 2017 Legislative Session and amended by the 2018 BRFA

*Board of Revenue Estimates, September 29, 2020*