



State of Maryland Board of Revenue Estimates

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Hon. Peter Franchot
State Comptroller

Hon. Nancy K. Kopp
State Treasurer

Hon. David R. Brinkley
Secretary, Department of
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Acting Executive
Secretary, David Farkas
Director, Bureau of
Revenue Estimates

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,

Handwritten signature of Peter Franchot in black ink.

Peter Franchot, Chairman

Handwritten signature of Nancy K. Kopp in black ink.

Nancy K. Kopp

Handwritten signature of David R. Brinkley in black ink.

David R. Brinkley

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Maryland General Fund Revenues and Estimates
Fiscal Year 2020
(\$ in thousands)

| | FY 2020 | | | | | | |
|-------------------------------------|-----------------------|-----------------------|-------------------|------------------|----------------|--------------|-------------|
| | March | May | Actual | Difference | | % Difference | |
| | Estimate ¹ | Guidance ² | | March | May | March | May |
| INCOME TAXES | | | | | | | |
| Individual | 10,587,327 | 10,340,016 | 10,698,875 | 111,548 | 358,859 | 1.0% | 3.4% |
| Corporations | 1,011,263 | 883,083 | 1,051,808 | 40,546 | 168,725 | 3.9% | 16.0% |
| Total | 11,598,589 | 11,223,099 | 11,750,683 | 152,094 | 527,584 | 1.3% | 4.5% |
| SALES AND USE TAXES | 4,951,863 | 4,446,138 | 4,634,874 | (316,990) | 188,736 | -6.8% | 4.1% |
| STATE LOTTERY RECEIPTS | 530,950 | 509,959 | 548,512 | 17,562 | 38,553 | 3.2% | 7.0% |
| OTHER REVENUES | | | | | | | |
| Business Franchise Taxes | 246,174 | 236,076 | 211,259 | (34,915) | (24,817) | -16.5% | -11.7% |
| Insurance Premium Tax | 351,649 | 369,944 | 395,851 | 44,202 | 25,907 | 11.2% | 6.5% |
| Estate & Inheritance Taxes | 196,947 | 192,492 | 197,175 | 228 | 4,682 | 0.1% | 2.4% |
| Tobacco Taxes | 348,560 | 355,277 | 362,912 | 14,352 | 7,635 | 4.0% | 2.1% |
| Alcoholic Beverages Excises | 32,878 | 29,986 | 30,209 | (2,669) | 223 | -8.8% | 0.7% |
| District Courts | 58,537 | 49,429 | 47,676 | (10,861) | (1,753) | -22.8% | -3.7% |
| Clerks of Court | 31,754 | 29,805 | 29,296 | (2,458) | (509) | -8.4% | -1.7% |
| Hospital Patient Recoveries | 57,402 | 55,603 | 60,566 | 3,164 | 4,963 | 5.2% | 8.2% |
| Interest on Investments | 50,000 | 38,977 | 46,798 | (3,202) | 7,820 | -6.8% | 16.7% |
| Miscellaneous | 323,247 | 314,896 | 318,296 | (4,951) | 3,401 | -1.6% | 1.1% |
| Total | 1,697,148 | 1,672,485 | 1,700,037 | 2,889 | 27,552 | 0.2% | 1.6% |
| TOTAL CURRENT REVENUES | 18,778,550 | 17,851,680 | 18,634,105 | (144,445) | 782,425 | -0.8% | 4.2% |
| Revenue Volatility Cap ³ | (42,218) | (40,132) | #NA ⁴ | - | | | |
| GRAND TOTAL | 18,736,332 | 17,811,548 | 18,634,105 | (102,227) | 822,557 | -0.5% | 4.4% |

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.

Maryland General Fund Revenue Estimates
Fiscal Year 2021
(\$ in thousands)

| | FY 2021 | | | | | |
|-------------------------------------|-----------------------|-----------------------|-------------------|------------------|------------------|--------------|
| | March | May | September | Difference | | Annual |
| | Estimate ¹ | Guidance ² | Revision | March | May | Growth |
| INCOME TAXES | | | | | | |
| Individual | 11,037,061 | 9,851,689 | 10,784,423 | (252,638) | 932,734 | 0.8% |
| Corporations | 1,097,308 | 1,016,738 | 1,094,883 | (2,424) | 78,145 | 4.1% |
| Total | 12,134,369 | 10,868,427 | 11,879,306 | (255,063) | 1,010,879 | 1.1% |
| SALES AND USE TAXES | 5,040,690 | 4,391,553 | 4,624,463 | (416,228) | 232,910 | -0.2% |
| STATE LOTTERY RECEIPTS | 565,187 | 525,295 | 571,838 | 6,652 | 46,543 | 4.3% |
| OTHER REVENUES | | | | | | |
| Business Franchise Taxes | 212,032 | 199,617 | 232,538 | 20,506 | 32,921 | 10.1% |
| Insurance Premium Tax | 360,146 | 342,726 | 386,872 | 26,726 | 44,147 | -2.3% |
| Estate & Inheritance Taxes | 176,511 | 158,187 | 173,023 | (3,488) | 14,836 | -12.2% |
| Tobacco Taxes | 341,553 | 346,092 | 348,246 | 6,693 | 2,154 | -4.0% |
| Alcoholic Beverages Excises | 33,159 | 30,014 | 22,678 | (10,481) | (7,336) | -24.9% |
| District Courts | 57,455 | 54,350 | 51,173 | (6,283) | (3,178) | 7.3% |
| Clerks of Court | 31,392 | 28,013 | 31,531 | 140 | 3,518 | 7.6% |
| Hospital Patient Recoveries | 58,190 | 54,563 | 58,089 | (101) | 3,525 | -4.1% |
| Interest on Investments | 52,368 | 13,697 | 20,997 | (31,371) | 7,300 | -55.1% |
| Miscellaneous | 319,396 | 309,045 | 309,045 | (10,351) | - | -2.9% |
| Total | 1,642,200 | 1,536,305 | 1,634,192 | (8,008) | 97,887 | -3.9% |
| TOTAL CURRENT REVENUES | 19,382,446 | 17,321,579 | 18,709,799 | (672,647) | 1,388,220 | 0.4% |
| Revenue Volatility Cap ³ | - | - | - | - | - | |
| GRAND TOTAL | 19,382,446 | 17,321,579 | 18,709,799 | (672,647) | 1,388,220 | 0.4% |

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

Maryland General Fund Revenue Estimates
Fiscal Year 2022
(\$ in thousands)

| | FY 2022 | | | |
|-------------------------------------|------------------------------|-----------------------|------------|------------------|
| | May Guidance ² | September Estimate | Difference | Annual Growth |
| INCOME TAXES | | | | |
| Individual | 9,929,921 | 11,200,369 | 1,270,448 | 3.9% |
| Corporations | 952,592 | 1,139,197 | 186,605 | 4.0% |
| Total | 10,882,513 | 12,339,566 | 1,457,052 | 3.9% |
| SALES AND USE TAXES | 4,444,192 | 4,938,104 | 493,912 | 6.8% |
| STATE LOTTERY RECEIPTS | 522,135 | 584,384 | 62,249 | 2.2% |
| OTHER REVENUES | | | | |
| Business Franchise Taxes | 194,641 | 190,049 | (4,592) | -18.3% |
| Insurance Premium Tax | 543,855 | 598,977 | 55,122 | 54.8% |
| Estate & Inheritance Taxes | 155,226 | 181,615 | 26,389 | 5.0% |
| Tobacco Taxes | 337,822 | 341,108 | 3,286 | -2.0% |
| Alcoholic Beverages Excises | 31,110 | 32,402 | 1,293 | 42.9% |
| District Courts | 53,793 | 53,072 | (721) | 3.7% |
| Clerks of Court | 27,676 | 34,051 | 6,375 | 8.0% |
| Hospital Patient Recoveries | 46,520 | 59,301 | 12,781 | 2.1% |
| Interest on Investments | 18,085 | 24,796 | 6,711 | 18.1% |
| Miscellaneous | 300,121 | 300,121 | - | -2.9% |
| Total | 1,708,848 | 1,815,492 | 106,643 | 11.1% |
| TOTAL CURRENT REVENUES | 17,557,689 | 19,677,545 | 2,119,856 | 5.2% |
| Revenue Volatility Cap ³ | - | (11,876) | (11,876) | |
| GRAND TOTAL | 17,557,689 | 19,665,669 | 2,107,980 | 5.1% |

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