



**Peter Franchot**  
*Comptroller*

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Estimates*

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TO: Peter Franchot, Comptroller  
Nancy Kopp, Treasurer  
David Brinkley, Budget Secretary

FROM: Andrew Schaufele

SUBJECT: May Revenue Update

### *Big Picture*

- General Fund revenues are up 3.4% through May, but down 11.6% for the month, largely a function of accelerated individual tax return processing, i.e., more money recorded in April
- Though revenues look positive relative to the estimate, two important months remain in the fiscal year – June and the July accrual (together accounting for ~15% of total revenues)
- At this point, I am highly confident that we will end FY18 with a strong positive variance from the income tax (>\$130M with an optimistic upper bound scenario of ~\$200M)
- The other revenue sources, in the aggregate, also point toward a positive finish, though likely far more modest than the income tax

### *Income Tax*

- Individual income tax revenues for May were down 21.1%
  - This decline confirms what was indicated in the April memo – check processing efficiency was indeed well ahead of the prior year and a portion of the April surprise was in fact ceded
  - Through April, final payments were up 20.3%; through May, they had slowed to 4.2%, due to a May decline of 68.7%
  - Similarly, estimated payments showed an April increase of 47.8% year-over-year; in May, they were down 71.2%. Unlike final payments, however, year-to-date estimated payments dropped “only” 400 basis points in May, from 23.9% through April to 19.3% through May
  - Net receipts are up an impressive 5.7% for the year
    - As stated in the April memo, the source seems to be non-wage income growth; we will have to determine the extent to which that growth is attributable to capital gains and/or adjustments in tax planning made in response to tax policy uncertainty in 2017 and implementation of the new policy in 2018

### *Sales Tax*

- Through May, sales and use tax revenues are up 1.8%, above the March estimate of 1.6%
- Gross receipts have been steadily higher relative to the first half of the year
  - Receipts growth slowed as soon as the new administration took office in D.C. – we are now beyond that time period comparison
- Higher gas prices are consuming some of the TCJA’s positive impact

**Attachment:** *Revenue Summary – May 2018*

cc: Revenue Monitoring Committee

**State of Maryland General Fund Source Revenue Collections**  
**Fiscal Year 2018, Through May 2018**  
**Summary Report**  
(\$ in thousands)

	May			Year to Date		
	FY 2018	FY 2017	Growth	FY 2018	FY 2017	Growth
<b>General Fund Receipts</b>						
Individual Income Tax	599,417	759,582	-21.1%	8,178,093	7,764,993	5.3%
Corporate Income Tax	23,027	49,823	-53.8%	642,496	630,497	1.9%
Sales Tax	377,304	368,215	2.5%	3,806,000	3,737,834	1.8%
Lottery	42,364	40,557	4.5%	483,596	438,591	10.3%
Franchise Tax	12,113	10,255	18.1%	188,007	176,805	6.3%
Premium Tax	35,063	16,988	106.4%	322,859	294,219	9.7%
Estate and Inheritance Tax	25,058	22,185	13.0%	197,720	212,150	-6.8%
Alcohol / Tobacco	33,042	30,669	7.7%	345,425	351,464	-1.7%
Court Revenues	9,692	11,368	-14.7%	95,964	106,279	-9.7%
Miscellaneous	21,676	25,378	-14.6%	176,204	200,129	-12.0%
<b>Ongoing SubTotal</b>	<b>1,178,755</b>	<b>1,335,021</b>	<b>-11.7%</b>	<b>14,436,362</b>	<b>13,912,962</b>	<b>3.8%</b>
Non-Ongoing Revenues	1,415	-	#N/A	59,989	110,203	-45.6%
<b>General Fund Total</b>	<b>1,180,171</b>	<b>1,335,021</b>	<b>-11.6%</b>	<b>14,496,352</b>	<b>14,023,165</b>	<b>3.4%</b>
<b>Individual Income Tax Detail</b>						
Withholding	1,081,037	1,029,034	5.1%	12,105,953	11,741,888	3.1%
Estimated	21,881	75,912	-71.2%	1,860,299	1,559,789	19.3%
Final	94,699	302,862	-68.7%	1,739,145	1,669,780	4.2%
Fiduciary	2,500	20,824	-88.0%	119,093	112,087	6.3%
Gross Receipts	1,200,116	1,428,632	-16.0%	15,824,491	15,083,543	4.9%
Refunds	(172,134)	(194,602)	-11.5%	(2,658,067)	(2,626,778)	1.2%
Net Receipts	1,027,982	1,234,030	-16.7%	13,166,423	12,456,765	5.7%
<b>Corporate Income Tax Detail</b>						
Estimated	20,076	27,859	-27.9%	661,530	654,284	1.1%
Final	18,687	39,453	-52.6%	333,289	382,055	-12.8%
Gross Receipts	38,762	67,312	-42.4%	994,819	1,036,339	-4.0%
Refunds	(9,763)	(4,566)	113.8%	(185,689)	(242,321)	-23.4%
Net Receipts	29,000	62,745	-53.8%	809,129	794,019	1.9%
<b>Lottery Sales</b>	<b>175,924</b>	<b>174,148</b>	<b>1.0%</b>	<b>1,878,296</b>	<b>1,769,143</b>	<b>6.2%</b>

Income tax receipts are shown before distributions to the local reserve fund and to/from the refund reserve fund for the individual income tax, and before distributions to the Transportation Trust Fund, Higher Education Investment Fund, and to/from the refund reserve fund for the Corporate Income Tax.