

REVENUE ESTIMATES AND ECONOMIC OUTLOOK

December 14, 2021

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Chief

Bureau of Revenue Estimates

Maryland General Fund Revenues

Fiscal Years 2021 - 2023

\$ Thousands	FY 2022					FY 2023			
	FY 2021 Actual	September Estimate	December Estimate	Difference	Growth	September Estimate	December Estimate	Difference	Growth
INCOME TAXES:									
Individual	11,704,777	11,796,984	12,058,202	261,217	3.0%	12,634,221	12,915,163	280,941	7.1%
Corporation	1,461,893	1,445,951	1,389,464	(56,487)	-5.0%	1,555,574	1,526,557	(29,017)	9.9%
Total	13,166,670	13,242,936	13,447,666	204,730	2.1%	14,189,795	14,441,720	251,925	7.4%
SALES AND USE TAXES	4,988,078	5,283,158	5,509,522	226,365	10.5%	5,519,908	5,742,530	222,622	4.2%
STATE LOTTERY	631,719	641,020	648,688	7,668	2.7%	651,428	664,897	13,469	2.5%
OTHER REVENUES									
Business Franchise Taxes	210,510	252,844	244,484	(8,360)	16.1%	222,770	212,708	(10,062)	-13.0%
Tax on Insurance Companies	358,071	575,874	567,602	(8,272)	58.5%	591,110	585,590	(5,520)	3.2%
Estate and Inheritance Taxes	240,592	206,673	214,330	7,658	-10.9%	222,212	225,071	2,859	5.0%
Tobacco Tax	388,261	466,890	532,719	65,829	37.2%	455,481	519,667	64,185	-2.5%
Alcoholic Beverages Excise Tax	39,722	32,572	33,621	1,049	-15.4%	32,844	33,918	1,074	0.9%
District Courts	35,191	50,258	43,757	(6,501)	24.3%	51,761	48,767	(2,994)	11.4%
Clerks of the Court	36,096	42,588	42,588	-	18.0%	32,643	32,643	-	-23.4%
Hospital Patient Recoveries	64,754	60,142	60,142	-	-7.1%	61,715	61,715	-	2.6%
Interest on Investments	12,297	10,000	15,000	5,000	22.0%	15,000	20,000	5,000	33.3%
Miscellaneous	300,451	311,403	311,403	-	3.6%	299,795	299,795	-	-3.7%
Total	1,685,944	2,009,244	2,065,647	56,403	22.5%	1,985,332	2,039,874	54,543	-1.2%
Total Current Revenues	20,472,411	21,176,357	21,671,523	495,166	5.9%	22,346,462	22,889,021	542,559	5.6%
Extraordinary Revenues ¹	358,603	-	-	-	-100.0%	-	-	-	-
Revenue Volatility Cap ²	-	(80,000)	(80,000)	-	-	(100,000)	(100,000)	-	25.0%
GRAND TOTAL	20,831,014	21,096,357	21,591,523	495,166	3.7%	22,246,462	22,789,021	542,559	5.5%

¹ Extraordinary revenues includes:

(a) \$341,446,827 is the FEMA reimbursement as included in the budget and outlined in the FY2022 Fiscal Digest

(b) \$17,156,310 is attributable to a payment to the General Fund from the Maryland Technology Development Corporation (TEDCO)

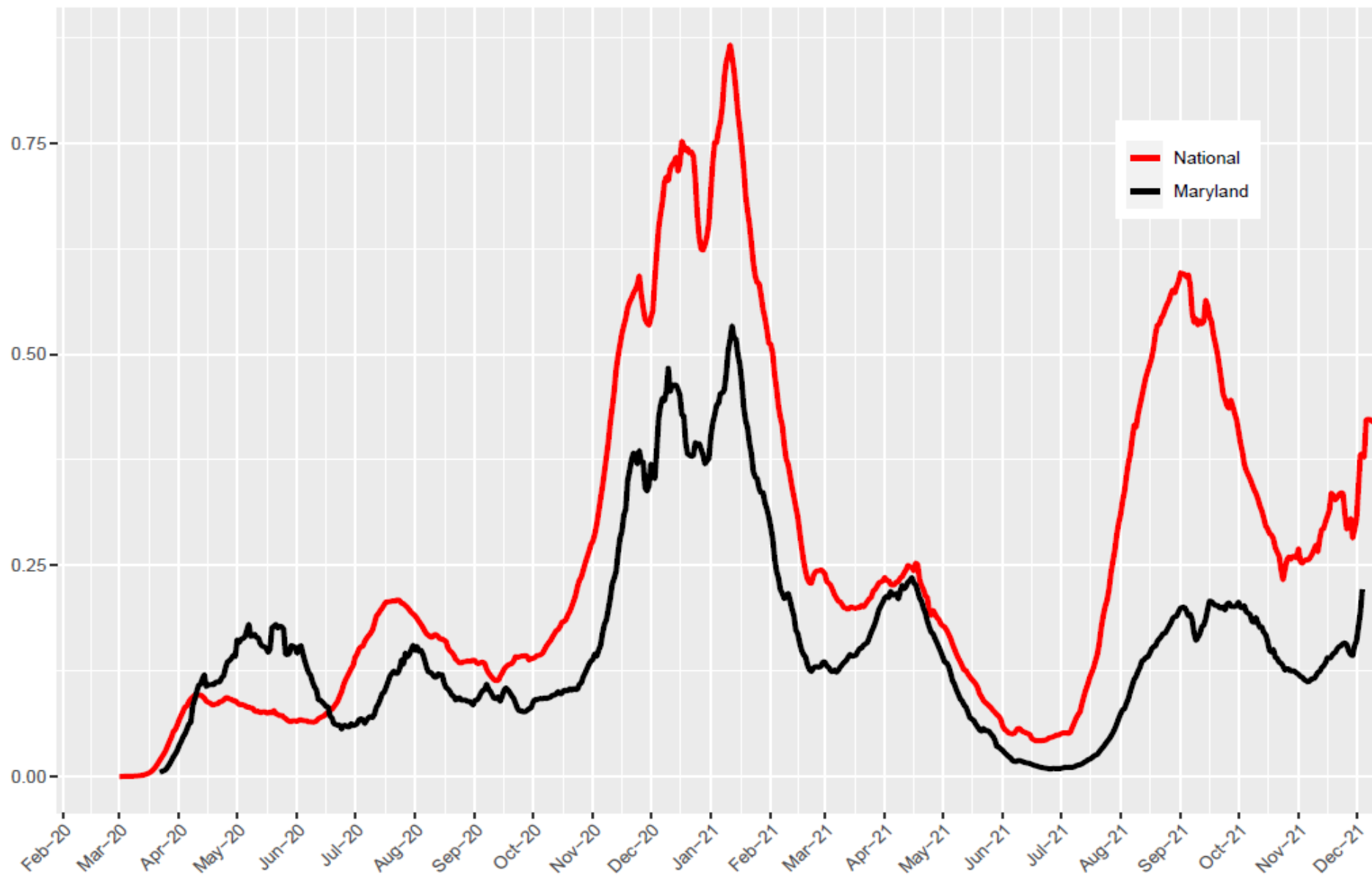
² Established by Chapters 4 & 550 of the 2017 Legislative Session and amended by several succeeding Budget Reconciliation And Financing Acts

Summary of December Changes

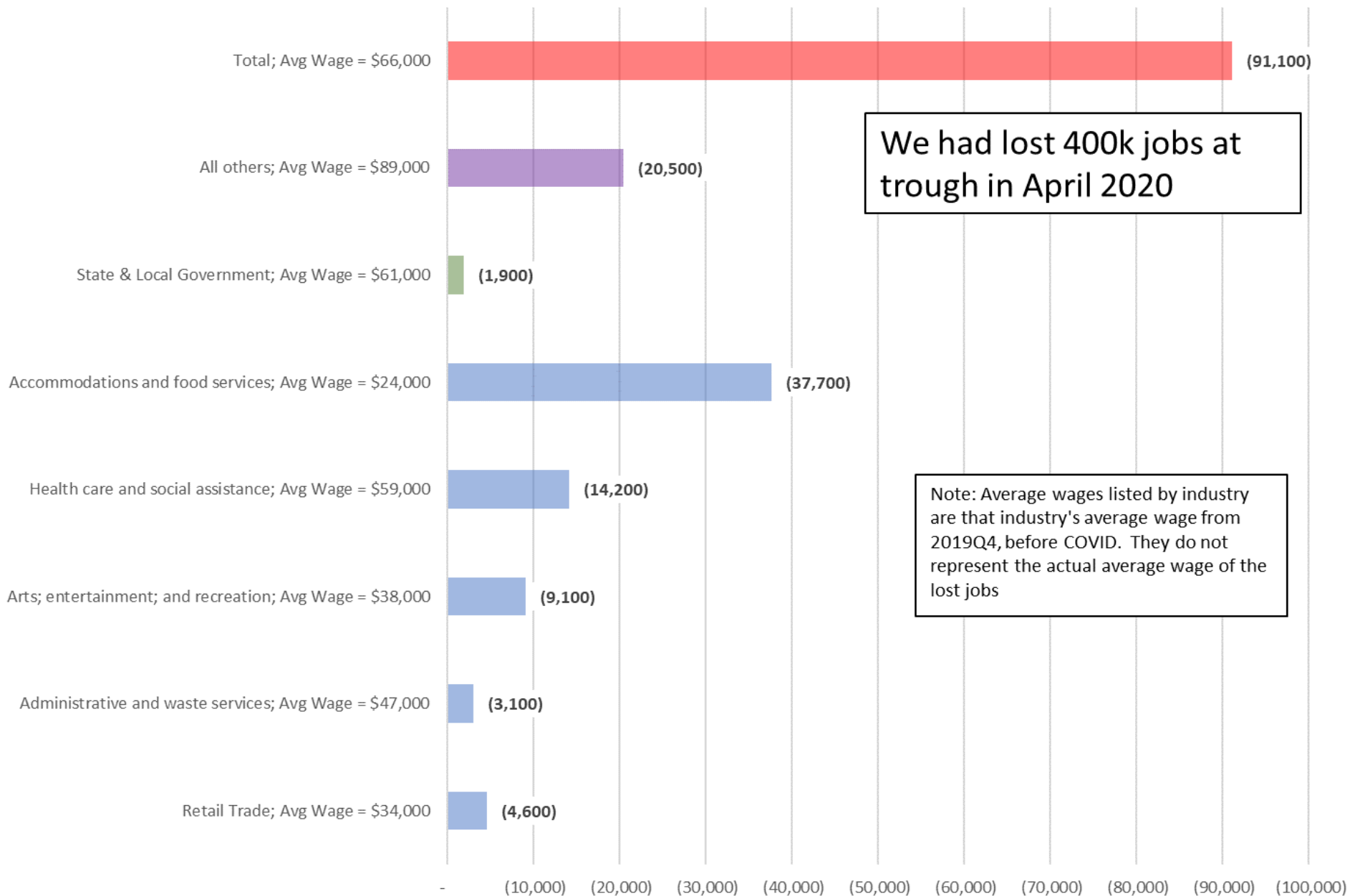
	Fiscal Year 2022		Fiscal Year 2023	
	\$ Change From Est	% Growth From Prior Year	\$ Change From Est	% Growth From Prior Year
Personal Income Tax	\$261	3.0%	\$281	7.1%
Corporate Income Tax	-\$57	-5.0%	-\$29	9.9%
Sales Tax	\$226	10.5%	\$223	4.2%
Other	\$64	17.1%	\$68	-0.4%
Total – Ongoing Revenues	\$495	5.9%	\$543	5.6%

Notes: dollars in millions; amounts may not sum from rounding; Mar21 estimate adj for 2021 Session

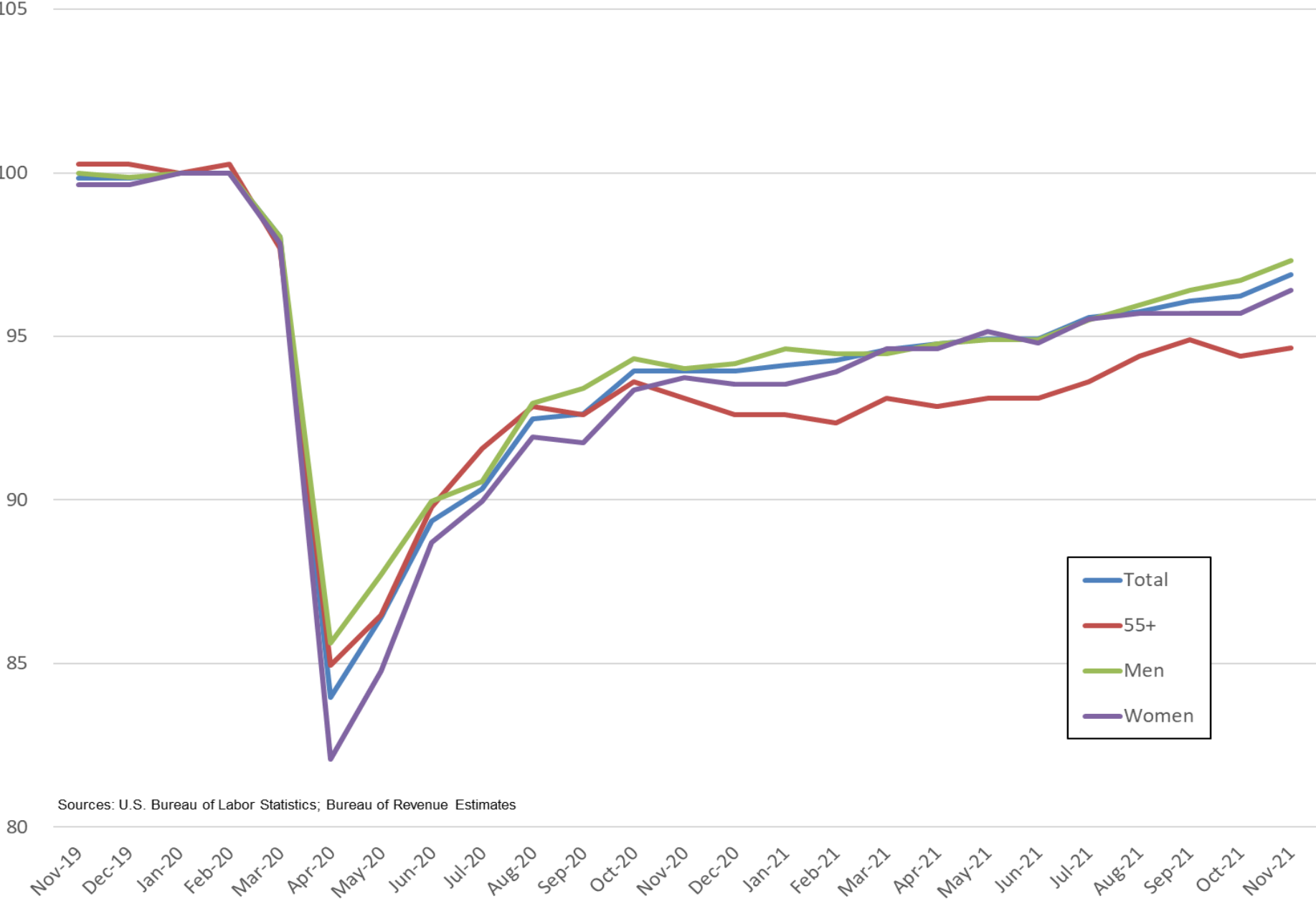
National & Maryland 7-Day Average Moving Average Case Rate
Per 1,000 Residents



Jobs Lost From Feb 2020 to Oct 2021: Top 5 Private Sector; S&L Gov; & All Others



Employment to Population Ratio--Index to January 2020

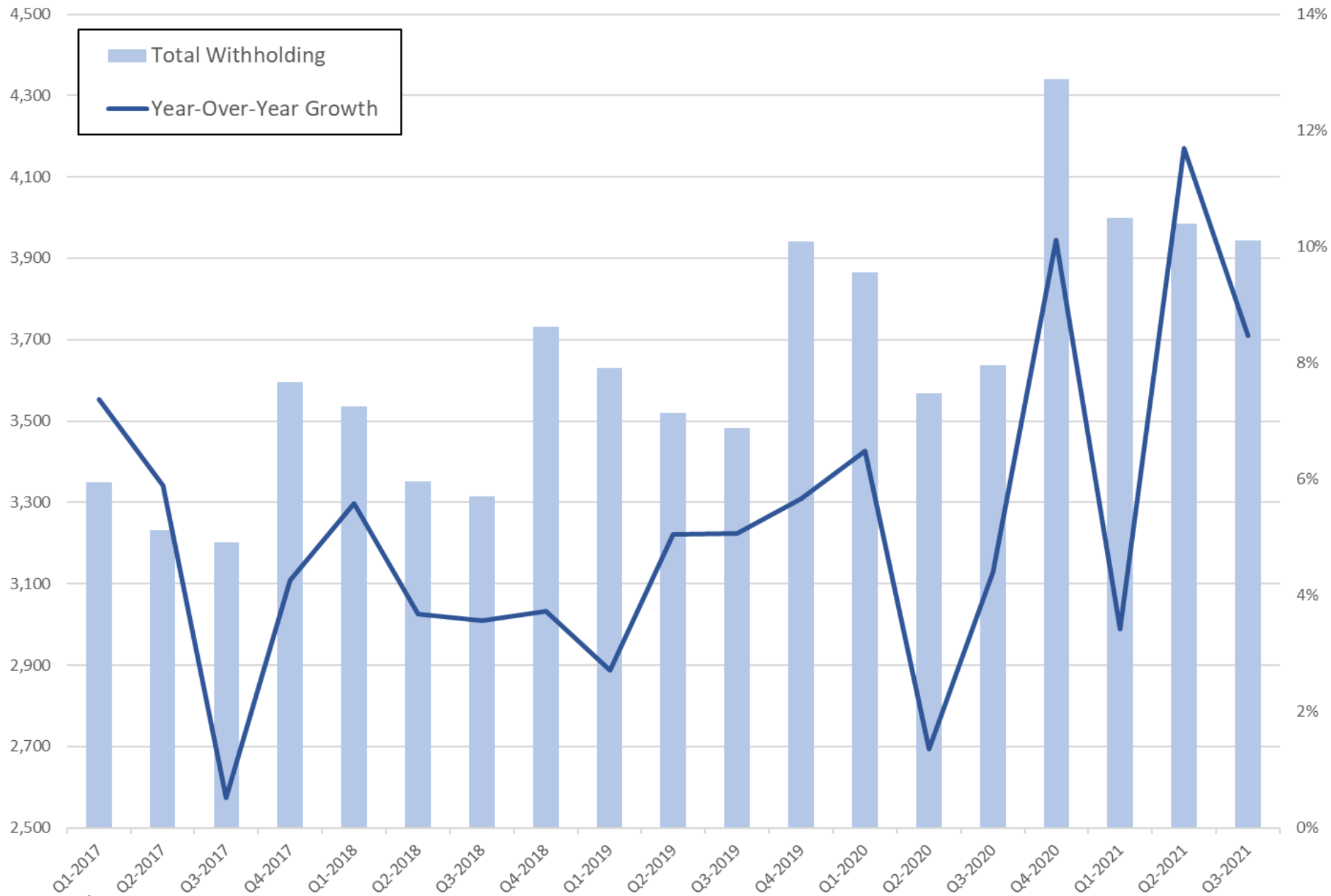


Sources: U.S. Bureau of Labor Statistics; Bureau of Revenue Estimates

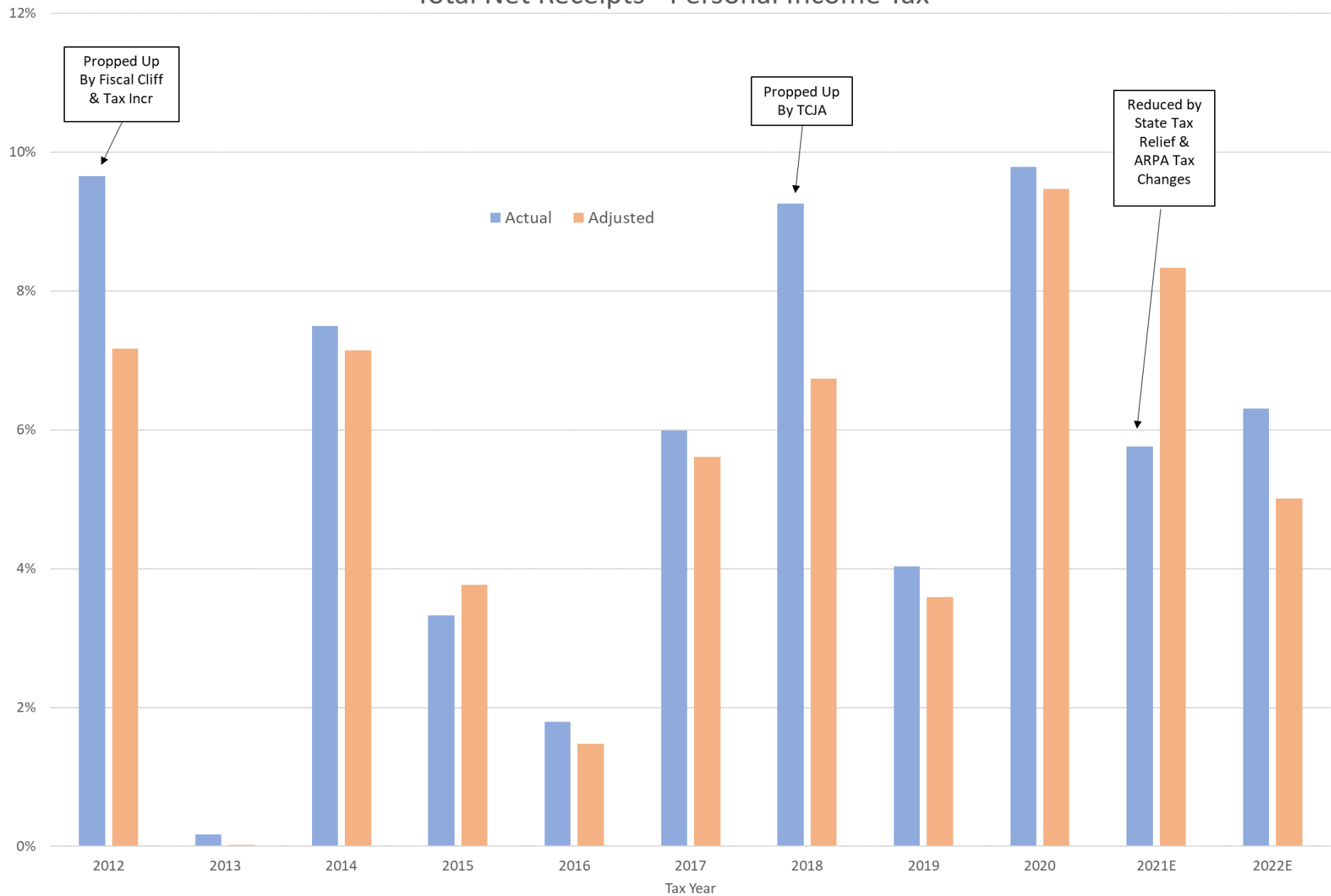
Wage Growth in Maryland - Nominal & Real (\$ Millions) Indexed to 2000 CPI



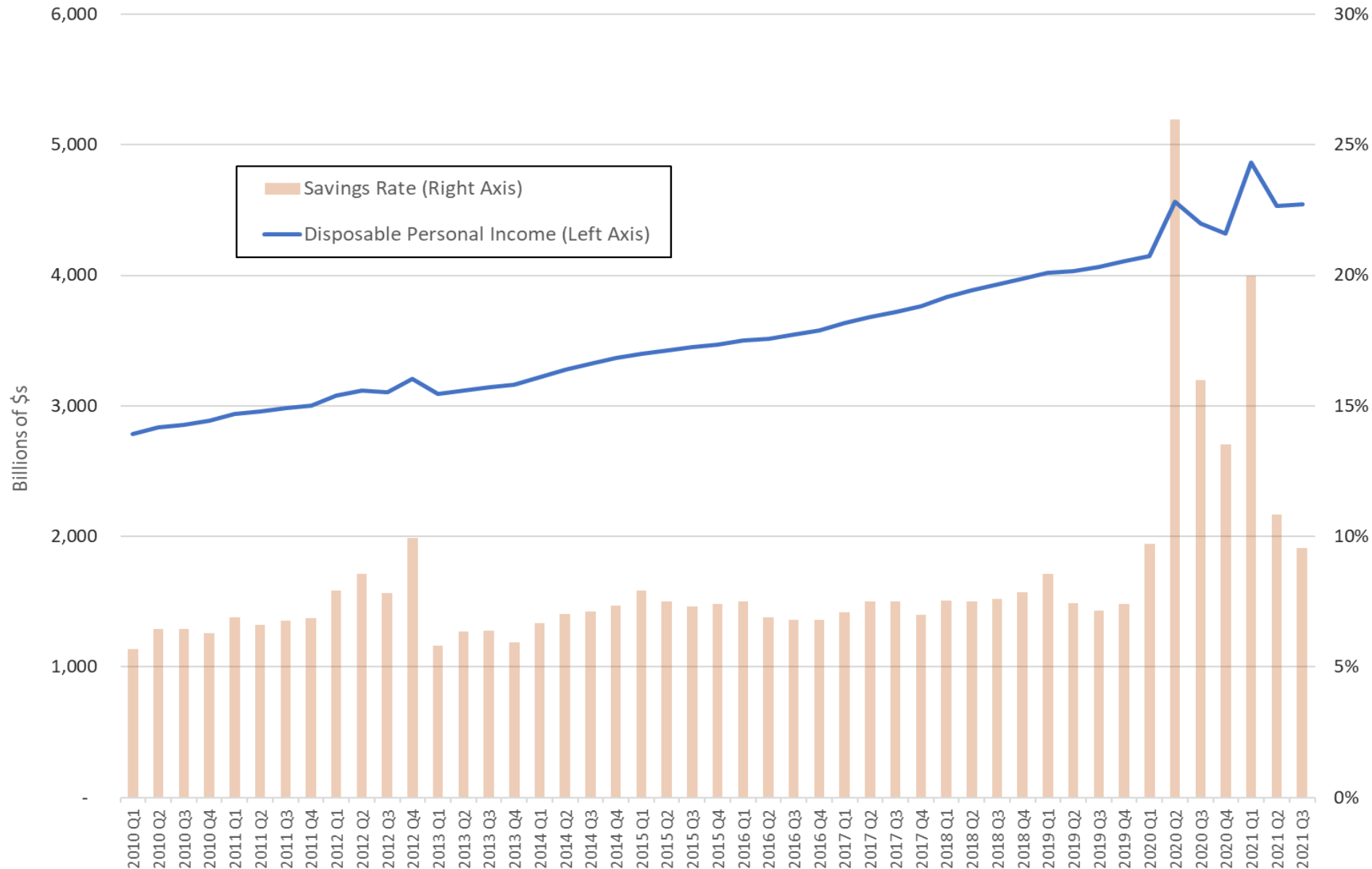
Maryland State Quarterly Withholding Collections (\$ Millions)



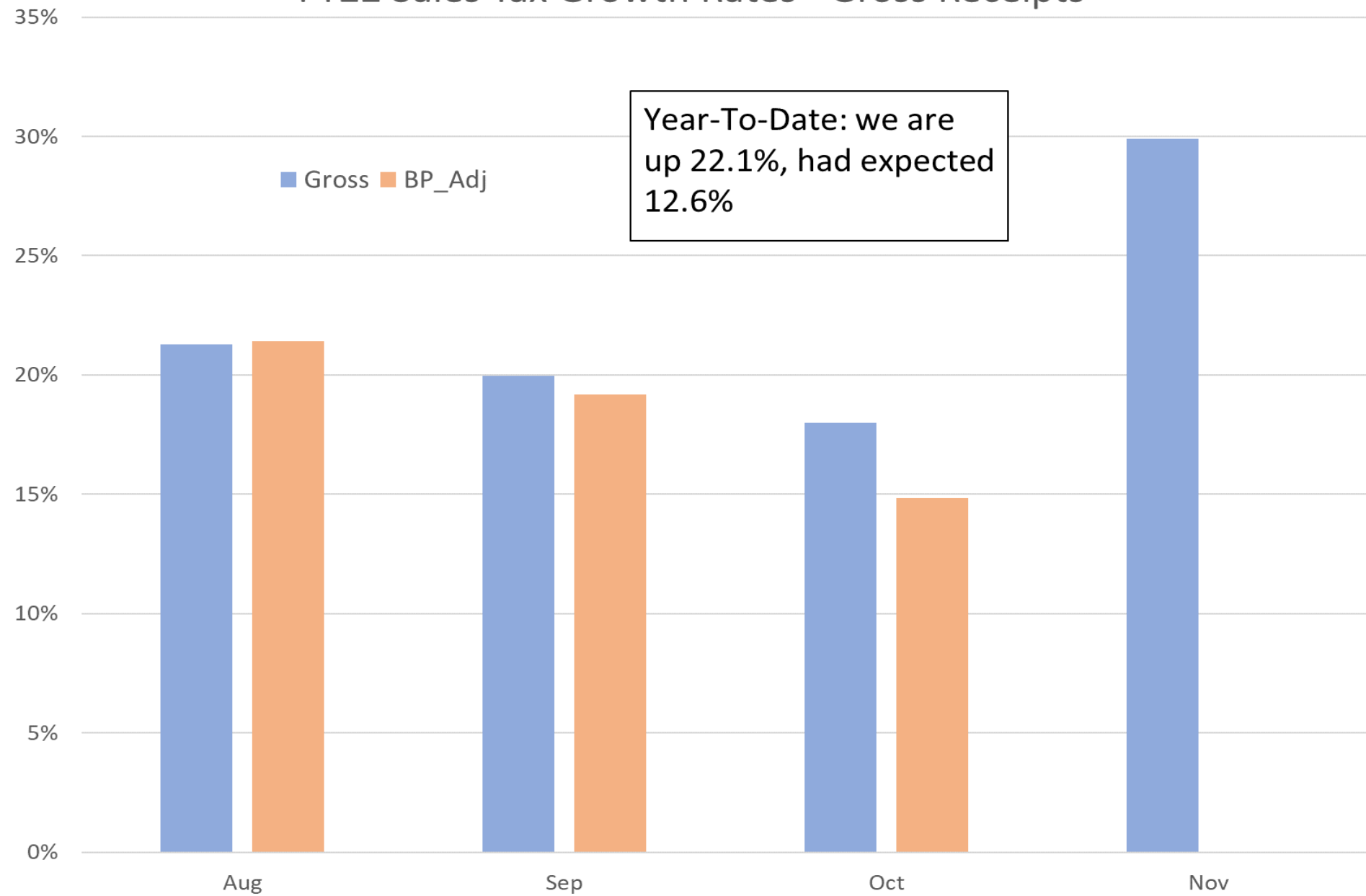
Total Net Receipts - Personal Income Tax



National Personal Income and Savings Rate

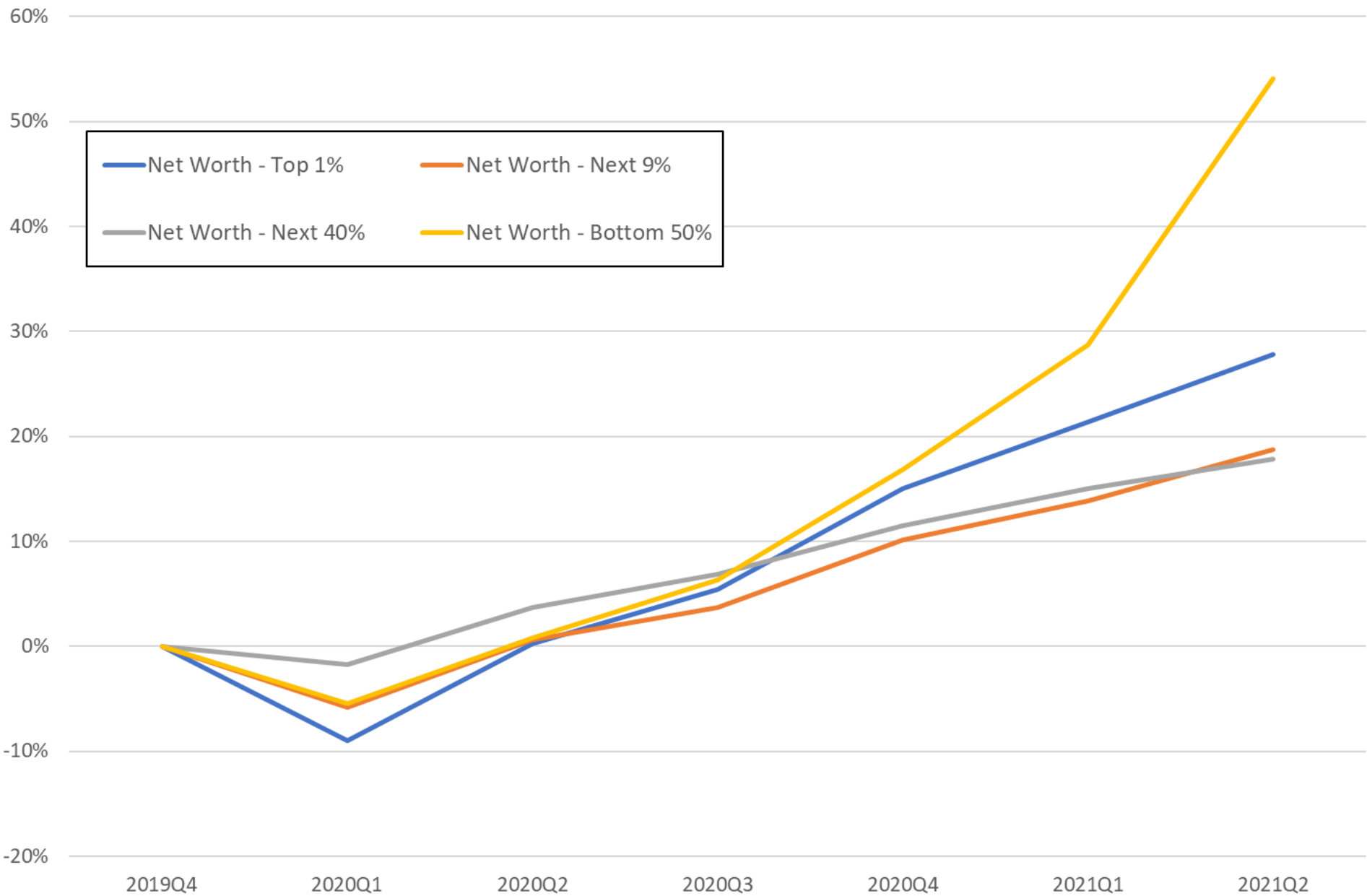


FY22 Sales Tax Growth Rates - Gross Receipts

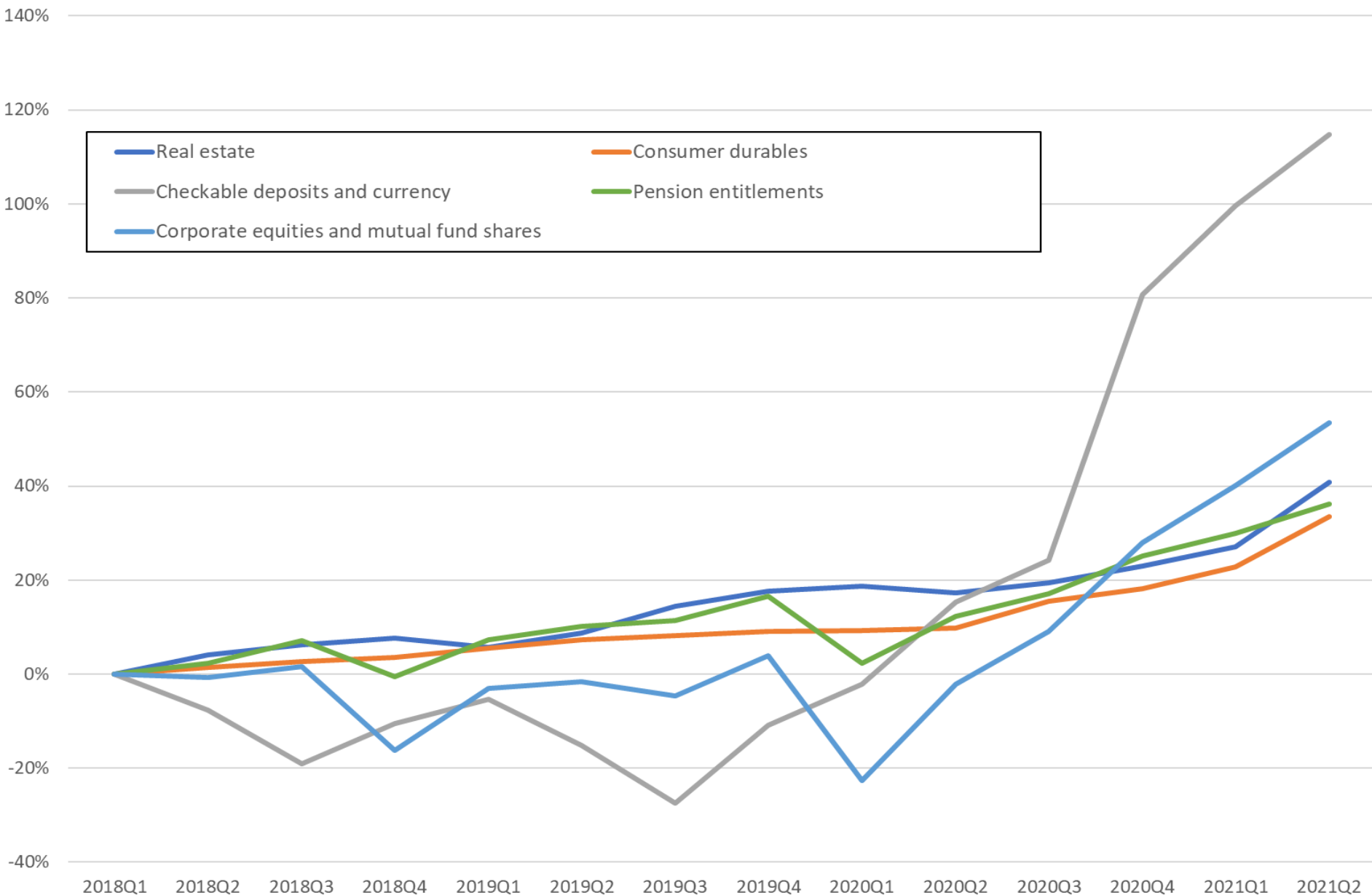


RISKS

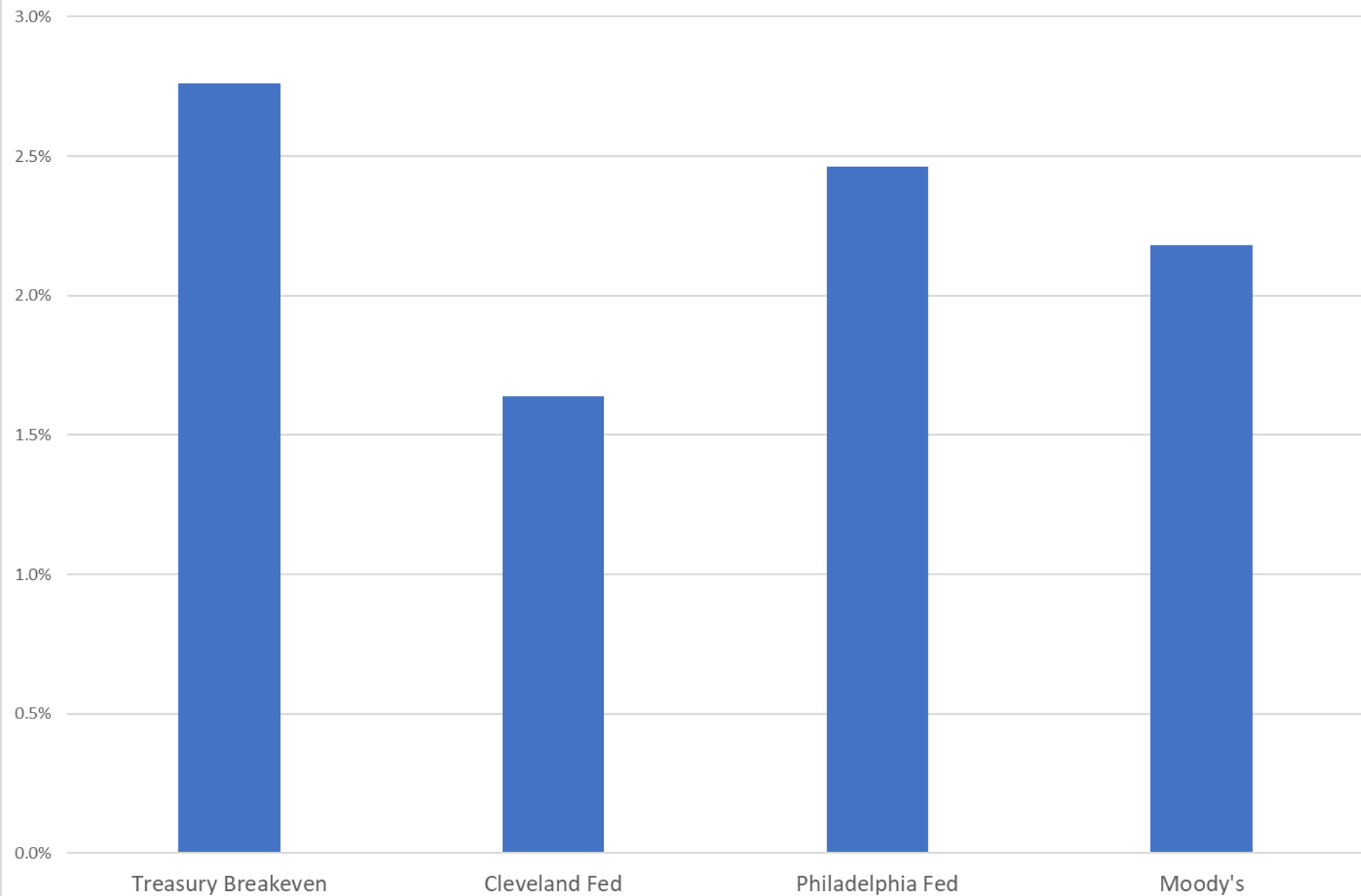
Net Assets For Wealth Percentiles - Indexed to 2019Q4



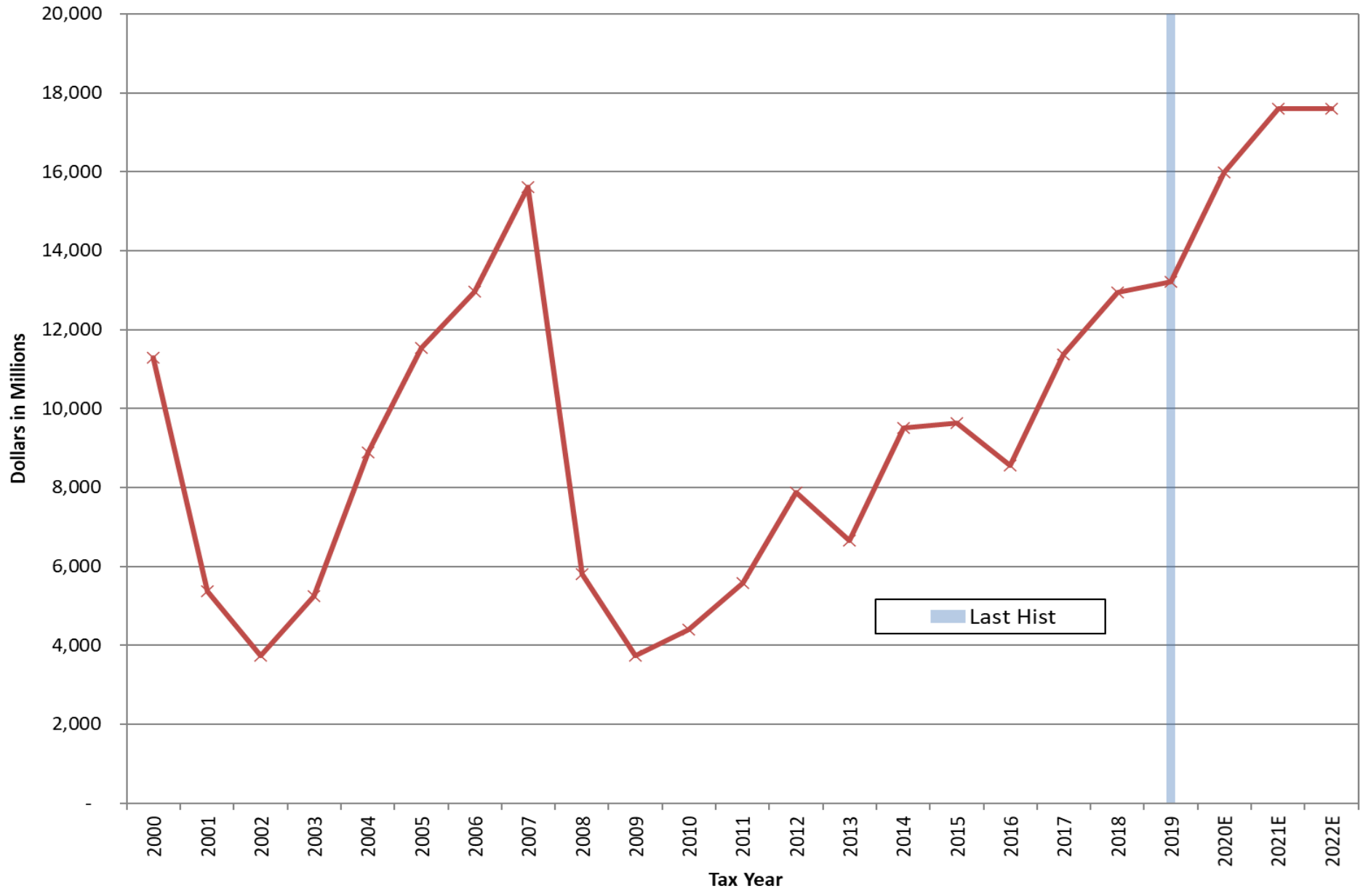
To 5 Asset Growth Categories - Bottom 50% - Indexed to 2018Q1



Most Recent 5-Year Average Annual Inflation Expectations



Taxable Capital Gains



In Summary

- Remain bullish for revenue picture
- We continue to learn more about federal stimulus and its flow-through to revenues
 - PIT and SUT increases largely based on year-to-date (money in the door)
- Inflation can be directly positive for revenues
 - Need to monitor expenditures – the increase in revenues will be mirrored by increases in expenditures, meaning the dollars are bigger but we are buying the same amounts and quality
 - Assume that the Federal Reserve plan holds true (in-large)
- Nonwage income is at very high levels
 - Typically these peaks are not sustainable for extended periods of time
 - A downturn from this peak is impossible to estimate – should bolster reserves
 - Nonwage income downturns typically occur rapidly but then also grow back rapidly

Thank You

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