

Senate Budget and Taxation Committee

Senator Guy Guzzone, Chair
Senator James C. Rosapepe, Vice Chair

Agenda
October 8, 2020
12:30 pm
Virtual Briefing

Department of Legislative Services Revenue Update

- **David C. Romans**, *Fiscal and Policy Coordinator*
- **Theresa Tuszynski**, *Principal Analyst*

Revenue Update

**Presentation to the
Senate Budget and Taxation Committee**



**Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland**

October 8, 2020

Maryland General Fund Revenues

Fiscal 2020

(\$ in Millions)

	Official Estimate <u>Mar 2020</u>	Preliminary Estimate <u>May 2020</u>	Actual	Actual Over		% Change vs. <u>FY 2019</u>
				<u>Mar</u>	<u>May</u>	
Personal Income Tax	\$10,587	\$10,340	\$10,699	\$112	\$359	4.2%
Corporate Income Tax	1,011	883	1,052	41	169	1.8%
Sales and Use Tax	4,952	4,446	4,635	-317	189	-3.7%
State Lottery	531	510	549	18	39	-0.7%
Other	1,697	1,672	1,700	3	28	-1.7%
Ongoing General Funds	\$18,779	\$17,852	\$18,634	-\$144	\$782	1.3%
Total General Funds	\$18,736	\$17,812	\$18,634	-\$102	\$823	2.4%
Selected Special Funds						
Sales Tax – Blueprint Fund	\$160	\$156	\$231	\$71	\$76	n.a.
Casinos – ETF	552	386	397	-155	\$11	-26.9%

State and Local Income Tax Withholding Collections: January through August (\$ in Millions)

	<u>2019</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Government	\$2,444	\$2,784	\$340	13.9%
From Unemployment Insurance (UI) benefits	5	189	184	4,021.5%
Government Excluding UI	\$2,439	\$2,595	\$156	6.4%
Private Sector – Increasing Industries	\$6,064	\$6,237	\$173	2.9%
Finance and Insurance	839	895	56	6.7%
Retail Trade	415	436	21	5.1%
Professional/Business Services	1,828	1,871	43	2.4%
Construction and Manufacturing	896	913	17	1.9%
Health Care and Social Assistance	957	971	14	1.5%
Other	1,129	1,150	21	1.9%
Private Sector – Decreasing Industries	1,160	1,091	-70	-6.0%
Accommodation and Food Service	205	170	-36	-17.3%
Arts, Entertainment and Recreation	68	58	-10	-14.6%
Personal/Repair Services and Nonprofits	220	214	-7	-3.0%
Other	666	649	-17	-2.6%
Private Sector – Total	\$7,224	\$7,328	\$104	1.4%
Total Withholding	\$9,668	\$10,112	\$444	4.6%
Total Excluding UI Benefits	\$9,663	\$9,923	\$260	2.7%
Adjusted for Local Rate Increases*	\$9,663	\$9,840	\$177	1.8%

* Seven counties increased their local income tax rate between 2019 and 2020: Anne Arundel, Baltimore, Dorchester, Kent, St. Mary's, Washington, and Worcester counties.

Maryland General Fund Revenues

Fiscal 2021

(\$ in Millions)

	Official Estimate <u>Mar 2020</u>	Preliminary Estimate <u>May 2020</u>	Official Estimate <u>Sep 2020</u>	September Over		% Change vs. <u>Fiscal 2020</u>
				<u>Mar</u>	<u>May</u>	
Personal Income Tax	\$11,037	\$9,852	\$10,784	-\$253	\$933	0.8%
Corporate Income Tax	1,097	1,017	1,095	-2	78	4.1%
Sales and Use Tax	5,041	4,392	4,624	-416	233	-0.2%
State Lottery	565	525	572	7	47	4.3%
Other	1,642	1,536	1,634	-8	98	-3.9%
Total General Funds	\$19,382	\$17,322	\$18,710	-\$673	\$1,388	0.4%
Selected Special Funds						
Sales Tax – Blueprint Fund	\$224	\$211	\$364	\$140	\$153	57.3%
Casinos – ETF	542	366	516	-26	150	30.0%

Maryland General Fund Revenues

Fiscal 2022

(\$ in Millions)

	Official Estimate <u>Mar 2020</u>	Preliminary Estimate <u>May 2020</u>	Official Estimate <u>Sep 2020</u>	September Over		% Change vs. <u>FY 2021</u>
				<u>Mar</u>	<u>May</u>	
Personal Income Tax	\$11,430	\$9,930	\$11,200	-\$229	\$1,270	3.9%
Corporate Income Tax	1,196	953	1,139	-57	187	4.0%
Sales and Use Tax	5,150	4,444	4,938	-212	494	6.8%
State Lottery	579	522	584	5	62	2.2%
Other	1,846	1,709	1,815	-30	107	11.1%
Volatility Adjustment	-80	0	-12	68	-12	n.a.
Total General Funds*	\$20,120	\$17,558	\$19,666	-\$455	\$2,108	5.1%
Selected Special Funds						
Sales Tax – Blueprint Fund	\$250	\$236	\$364	\$114	\$127	0.0%
Casinos – ETF	548	494	543	-5	50	5.4%

* The Budget Reconciliation and Financing Act of 2020 (Chapter 538) eliminated the Rate Stabilization Fund beginning in fiscal 2022. The insurance premiums tax revenue that was distributed to the fund will be directed to the general fund. Adjusted for this law change, general fund revenue growth in fiscal 2022 would be about 4.1% over fiscal 2021.

Maryland General Fund Revenues

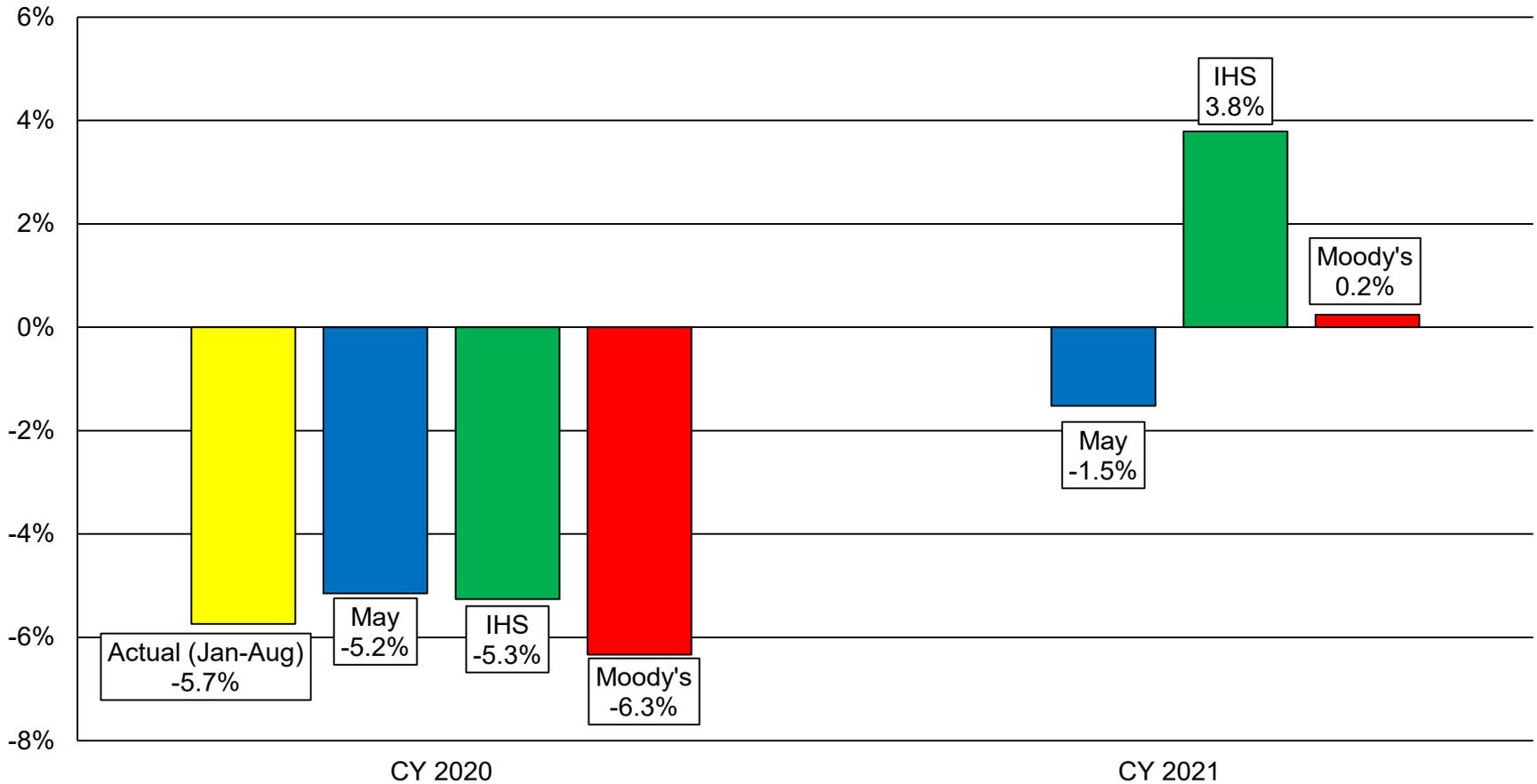
September Estimates

(\$ in Millions)

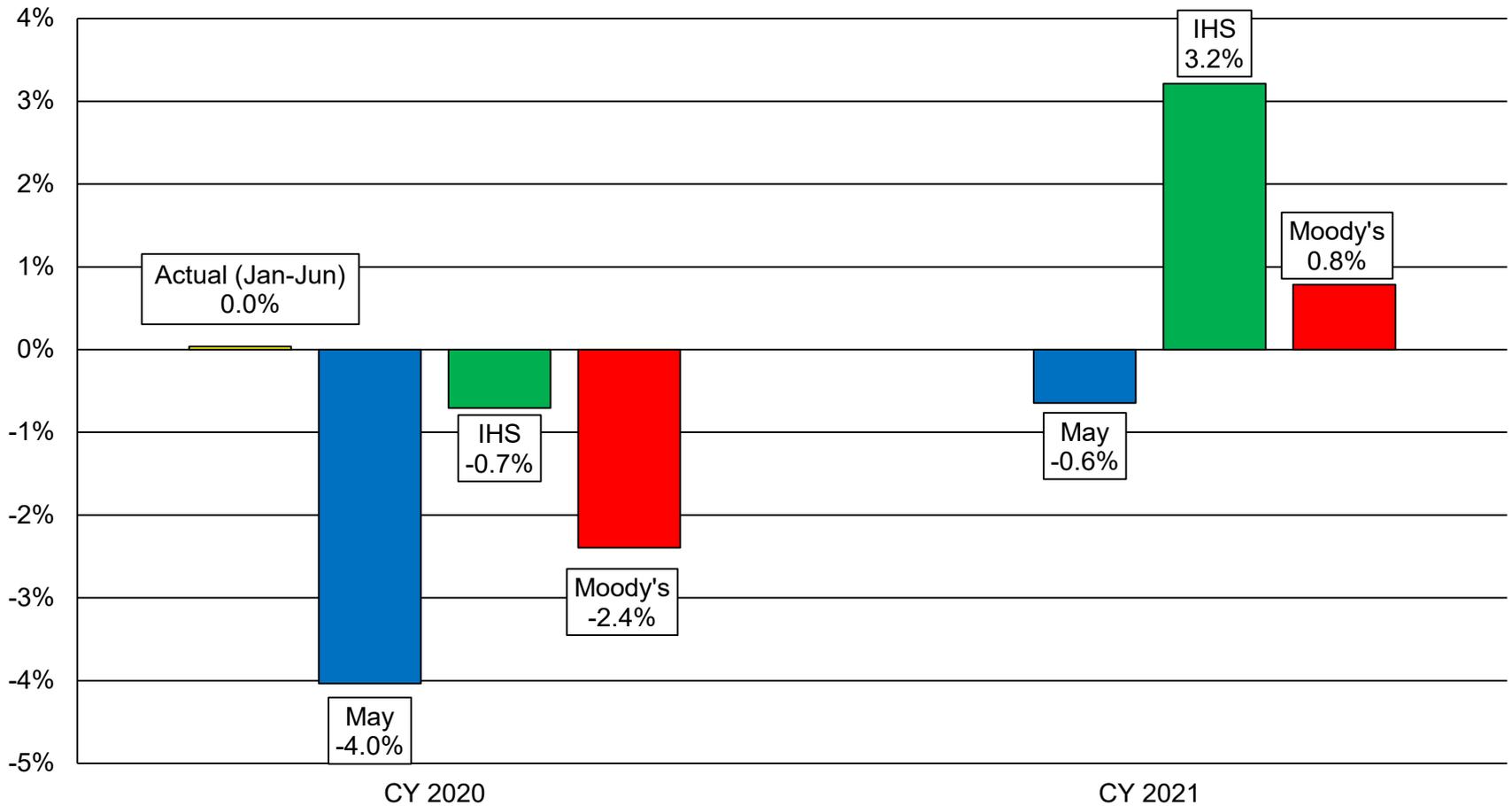
	Fiscal 2021			September over March	
	<u>March 2020</u>	<u>Official</u>	<u>Alternate</u>	<u>Official</u>	<u>Alternate</u>
Personal Income Tax	\$11,037	\$10,784	\$10,332	-\$253	-\$705
Corporate Income Tax	1,097	1,095	1,047	-2	-50
Sales and Use Tax	5,041	4,624	4,407	-416	-634
Total General Funds	\$19,382	\$18,710	\$17,992	-\$673	-\$1,390
	Fiscal 2022			September over March	
	<u>March 2020</u>	<u>Official</u>	<u>Alternate</u>	<u>Official</u>	<u>Alternate</u>
Personal Income Tax	\$11,430	\$11,200	\$10,499	-\$229	-\$930
Corporate Income Tax	1,196	1,139	1,175	-57	-21
Sales and Use Tax	5,150	4,938	4,703	-212	-447
Total General Funds	\$20,120	\$19,666	\$18,697	-\$455	-\$1,424

Note: The official September Board of Revenue Estimates estimate relied on U.S. and Maryland economic forecasts from IHS Markit. The alternate estimate used the forecasts from Moody's Analytics. For the alternate forecast, only the income taxes and the sales tax were re-estimated.

Maryland Employment: Year-over-year Percent Change

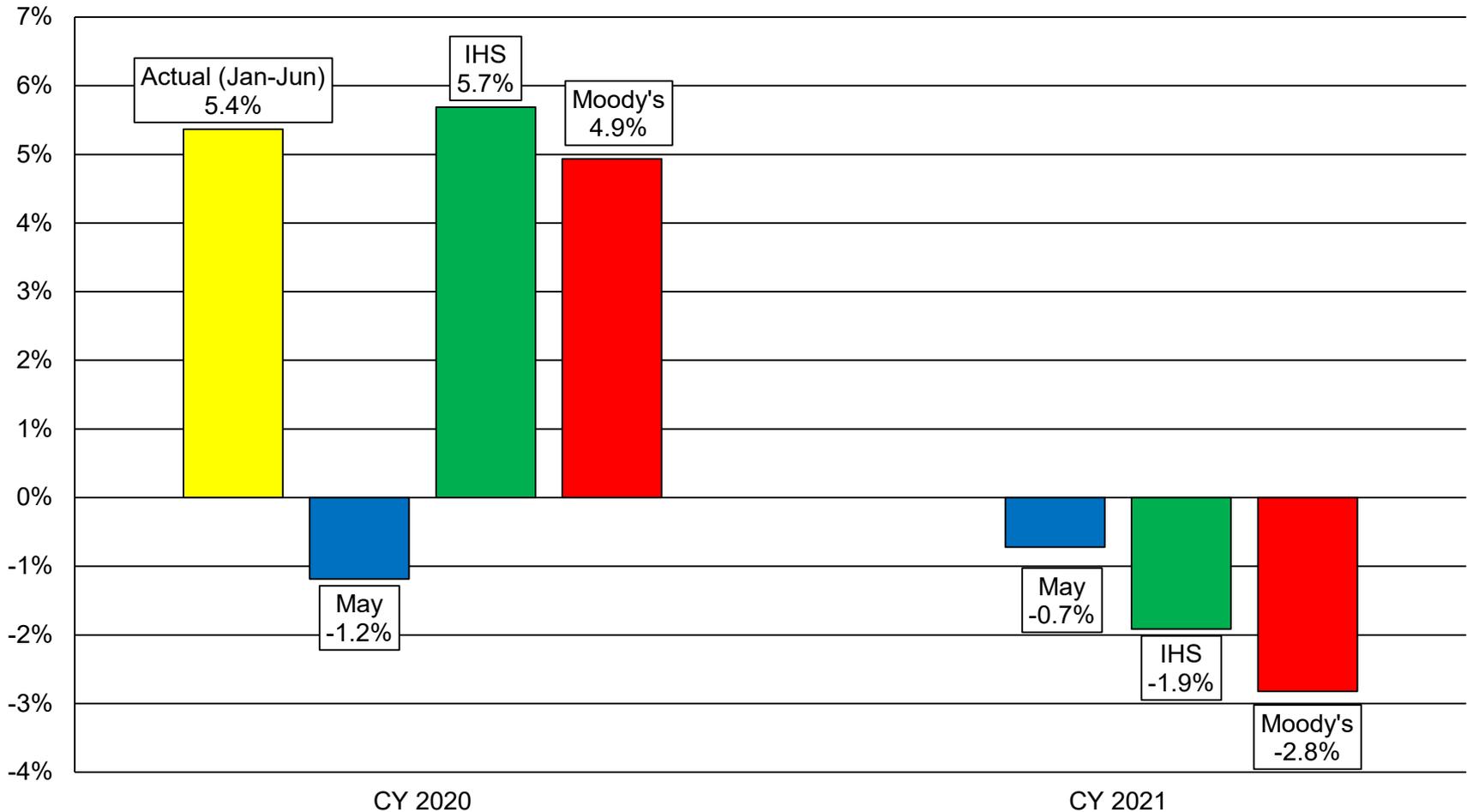


Maryland Earnings: Year-over-year Percent Change



Note: Earnings includes the following components of personal income: wages, supplements to wages, proprietors income and the residence adjustment.

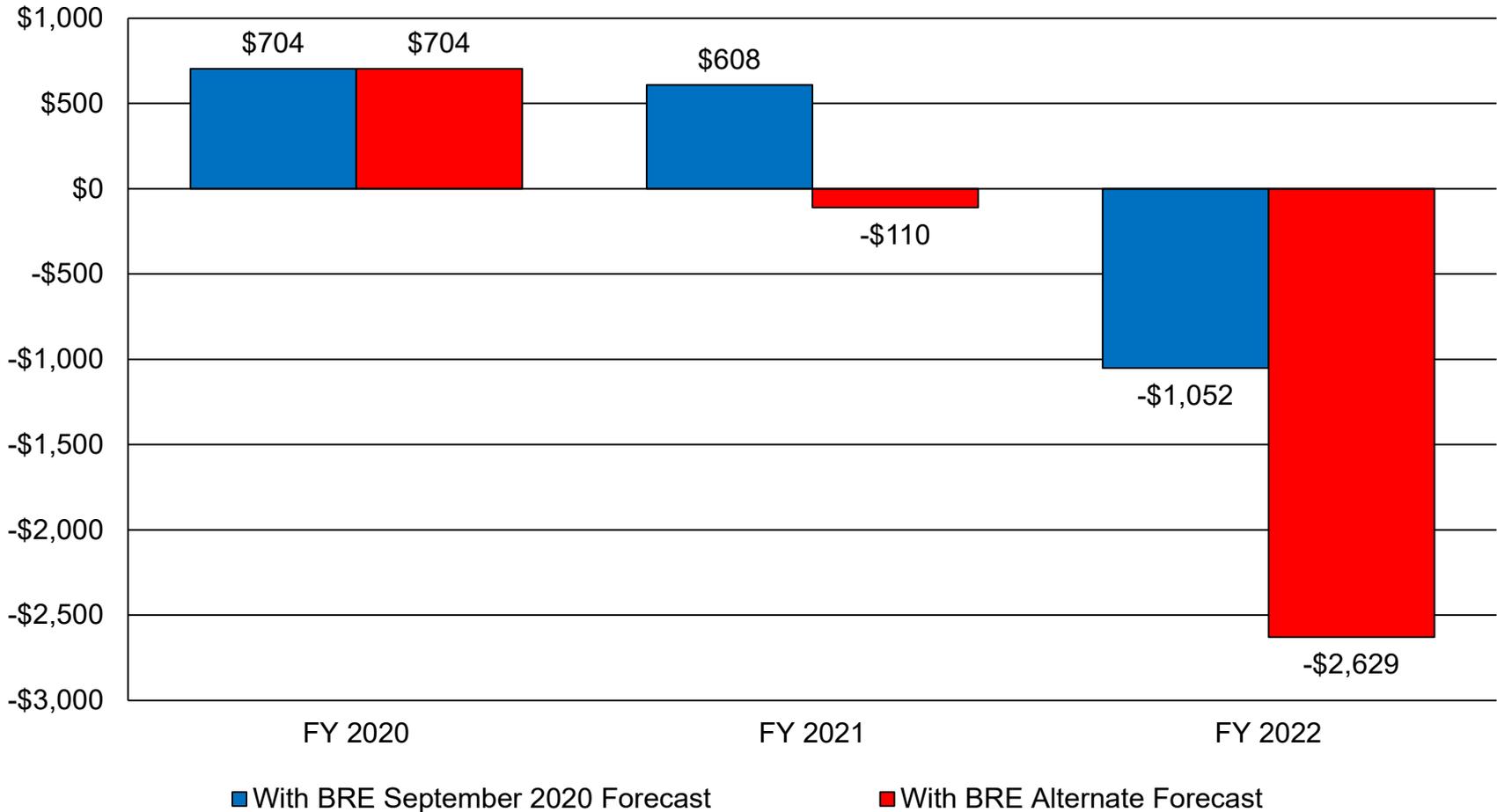
Maryland Personal Income: Year-over-year Percent Change



General Fund Cash Outlook

BRE September and Alternate Forecasts

(\$ in Millions)



Structural Budget Outlook

BRE September and Alternate Forecasts

(\$ in Millions)

