

REVENUE ESTIMATES AND ECONOMIC OUTLOOK

March 10, 2022

David Farkas
Acting Executive Secretary
Board of Revenue Estimates

Maryland General Fund Revenues
Fiscal Years 2021 - 2023

<u>\$ Thousands</u>	FY 2021 Actual	FY 2022			
		December Estimate	March Estimate	Difference	Estimated Growth
INCOME TAXES:					
Individual	11,704,777	12,058,202	12,537,593	479,391	7.1%
Corporate	1,461,893	1,389,464	1,606,435	216,971	9.9%
SALES AND USE TAXES	4,988,078	5,509,522	5,651,931	142,409	13.3%
Clerks of Court	36,096	42,588	71,084	28,496	96.9%
GRAND TOTAL	20,831,014	21,591,523	22,458,791	867,267	7.8%
FY 2023					
		December Estimate	March Estimate	Difference	Estimated Growth
INCOME TAXES:					
Individual		12,915,163	13,426,304	511,141	7.1%
Corporate		1,526,557	1,685,554	158,997	4.9%
SALES AND USE TAXES		5,742,530	5,807,079	64,549	2.7%
Clerks of Court		32,643	34,830	2,187	-51.0%
GRAND TOTAL		22,789,021	23,525,896	736,875	4.8%

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	\$479	7.1%	\$511	7.1%
Corporate Income Tax	\$217	9.9%	\$159	4.9%
Sales Tax	\$142	13.3%	\$64	2.7%
Other	\$28	24.2%	\$2	-2.5%
Total Revenue	\$867	7.8%	\$737	4.8%

Notes: dollars in millions; amounts may not sum due to rounding

Summary of December Changes

Growth by Tax Type		PIT	CIT	SUT
FY22 Growth Forecast		7.1%	9.9%	13.3%
Fiscal YTD Growth		11.3%	43.9%	26.3%
Growth needed rest of year to hit estimates				
	March	1.9%	-15.1%	1.1%
	December	-7.2%	-40.9%	-4.5%

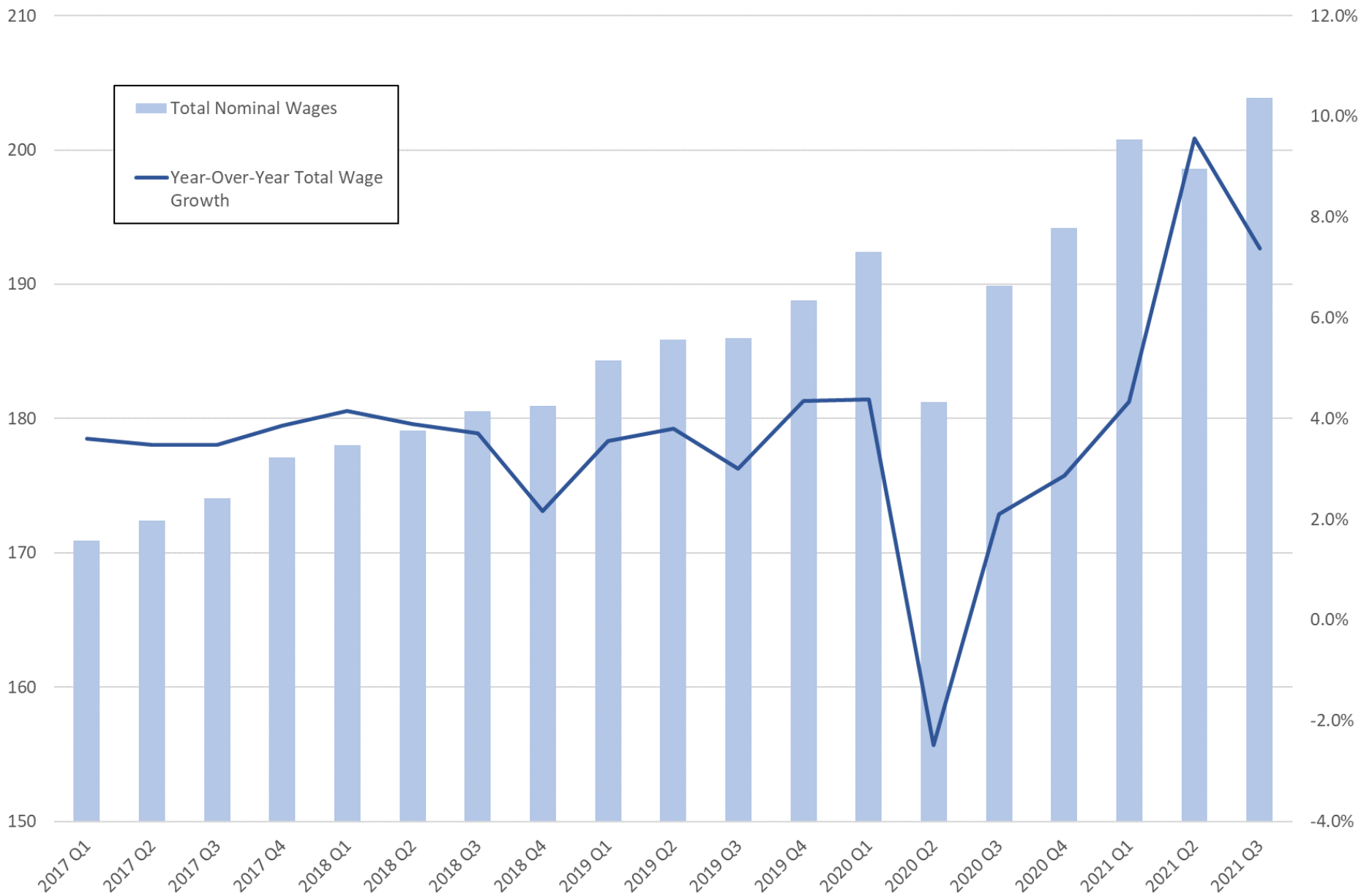
ACTUAL AND ESTIMATED CUMULATIVE GENERAL FUND REVENUE

Fiscal Year 2022

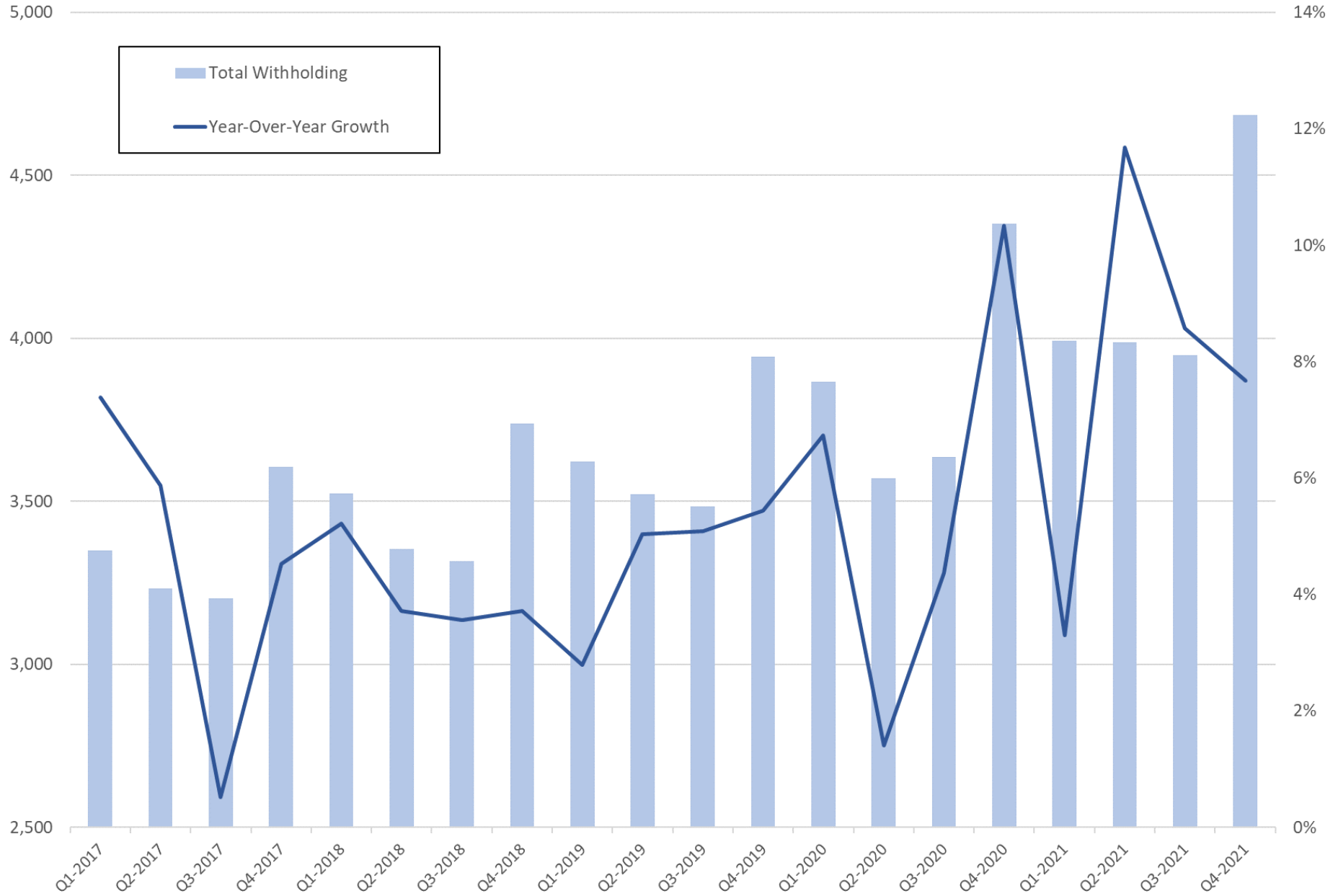
For the seven months ending January 31, 2022

	<u>ACTUAL</u>	<u>ESTIMATED</u>	<u>DIFFERENCE</u>	<u>% DIFFERENCE</u>
INCOME TAXES:				
Personal	6,338,913,231	6,083,465,161	255,448,070	4.2%
Corporate	865,313,096	696,076,352	169,236,744	24.3%
Total	<u>7,204,226,327</u>	<u>6,779,541,513</u>	<u>424,684,814</u>	6.3%
SALES AND USE TAXES	3,055,383,851	2,878,442,490	176,941,361	6.1%
STATE LOTTERY	370,994,188	364,947,608	6,046,580	1.7%
OTHER REVENUES:				
Business Franchise Taxes	99,566,406	95,093,536	4,472,869	4.7%
Insurance Premium Tax	285,571,487	263,363,787	22,207,701	8.4%
Estate & Inheritance Taxes	164,174,168	134,004,005	30,170,163	22.5%
Tobacco Taxes	288,839,881	296,768,122	(7,928,241)	-2.7%
Alcoholic Beverage Excises	18,897,093	17,604,921	1,292,173	7.3%
District Courts	25,747,563	26,786,007	(1,038,445)	-3.9%
Clerks of Court	62,478,278	34,482,840	27,995,438	81.2%
Hospital Patient Recoveries	4,551,840	5,271,564	(719,724)	-13.7%
Miscellaneous	70,207,638	77,474,278	(7,266,641)	-9.4%
Total Other Revenues	<u>1,020,034,353</u>	<u>950,849,060</u>	<u>69,185,293</u>	7.3%
GRAND TOTAL	<u><u>11,650,638,719</u></u>	<u><u>10,973,780,671</u></u>	<u><u>676,858,048</u></u>	6.2%

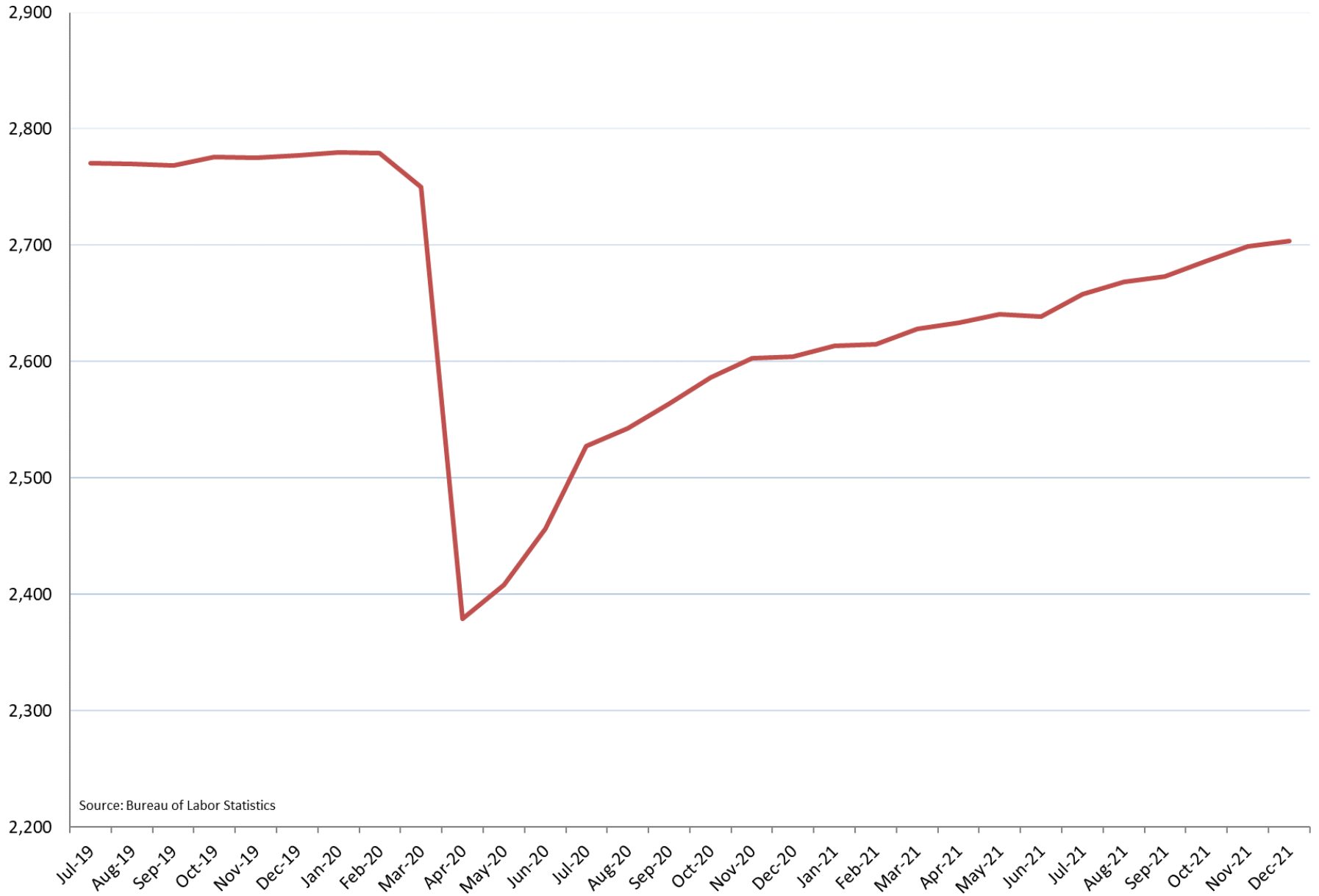
Total Nominal Wages in Maryland (\$ billions)



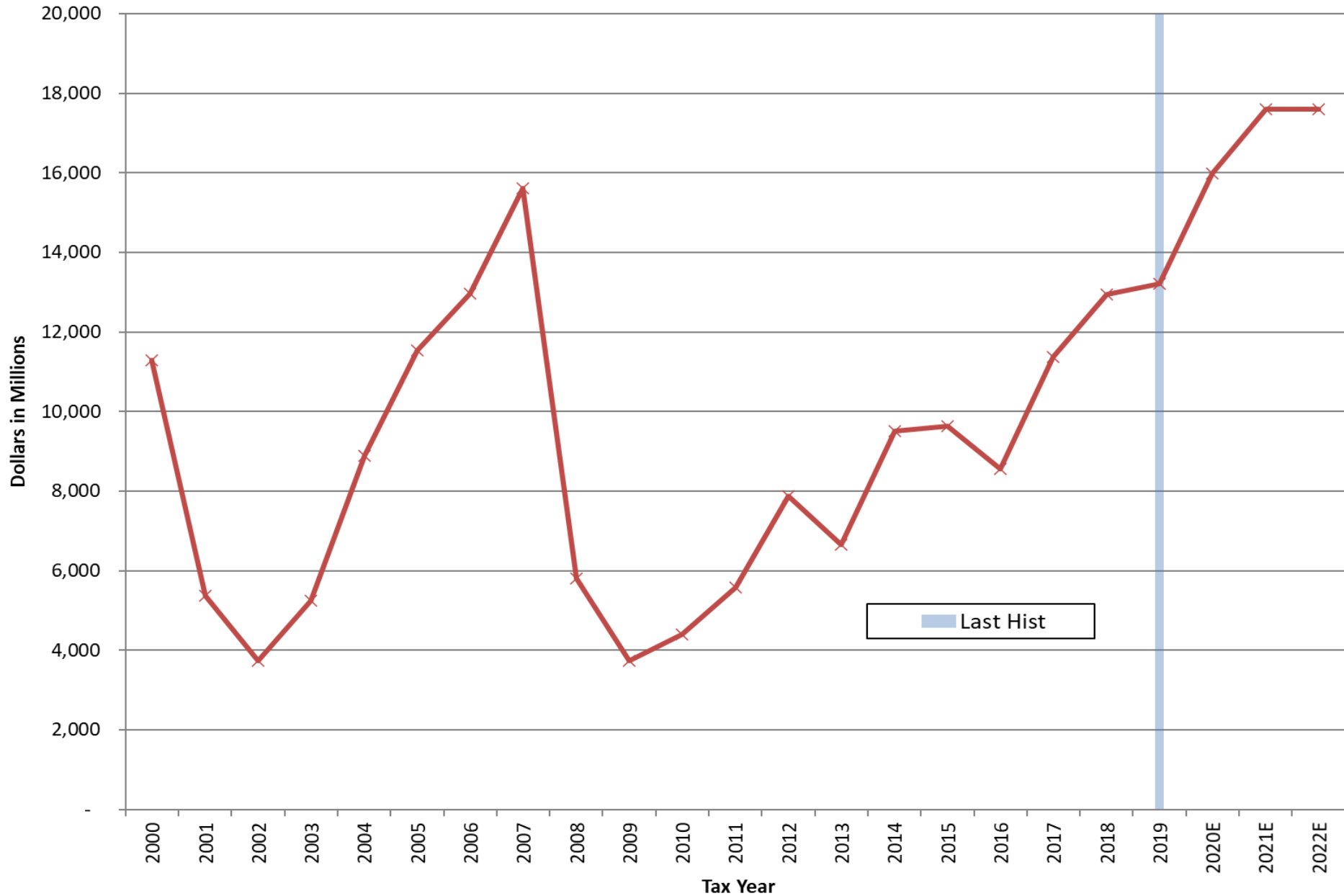
Maryland Quarterly Withholding Collections (\$ Millions)



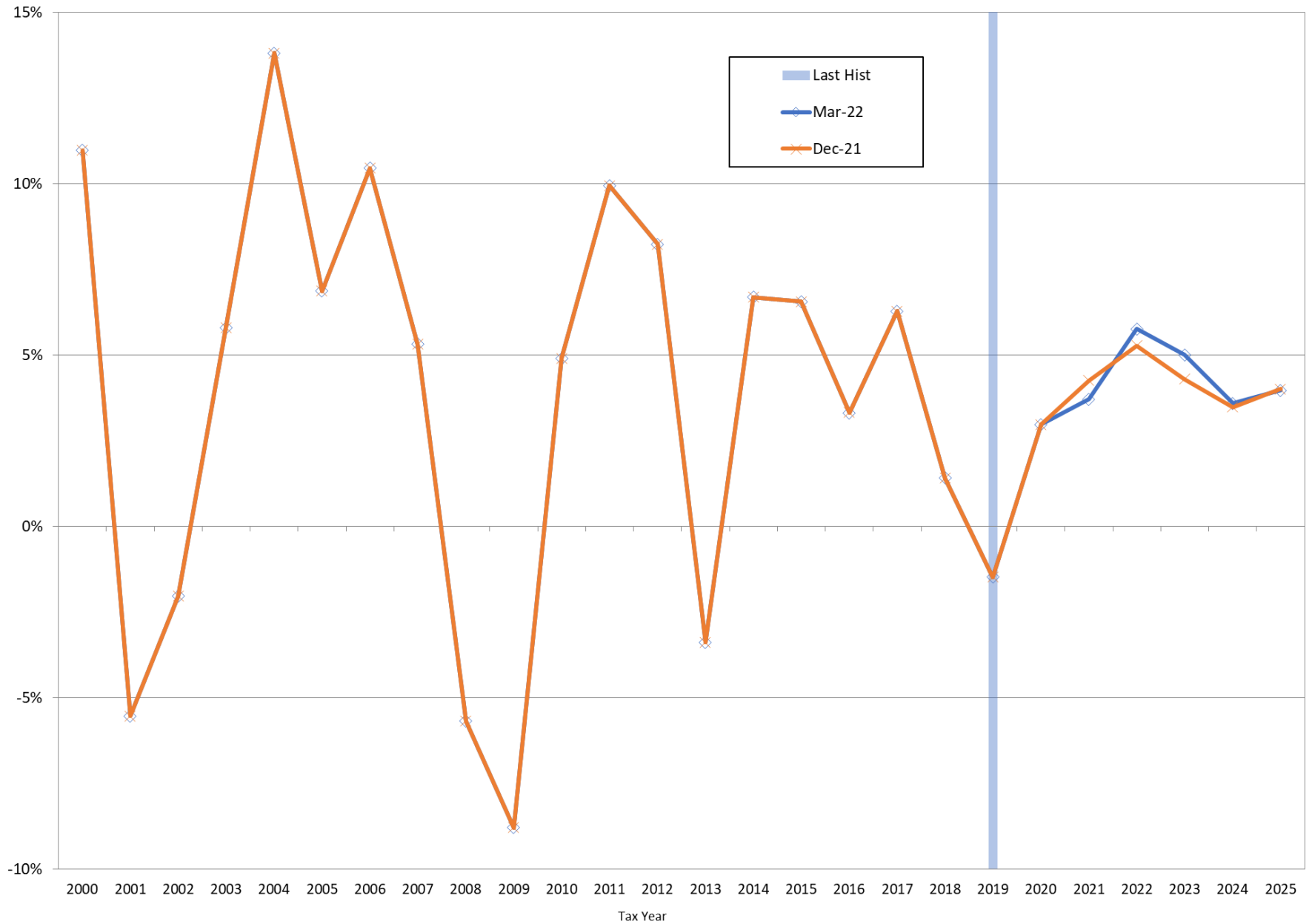
Payroll Employment in Maryland, 000s



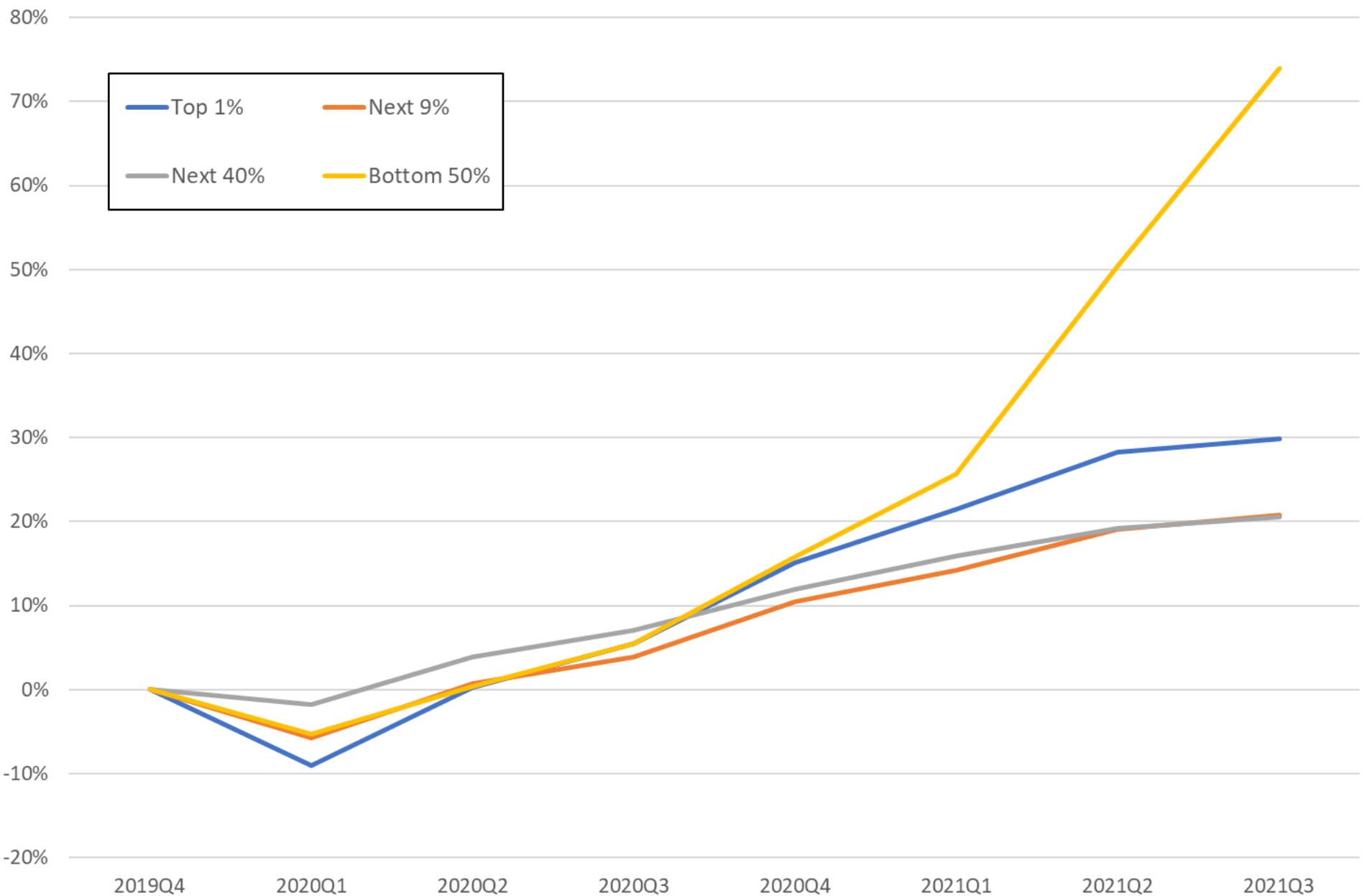
Taxable Capital Gains



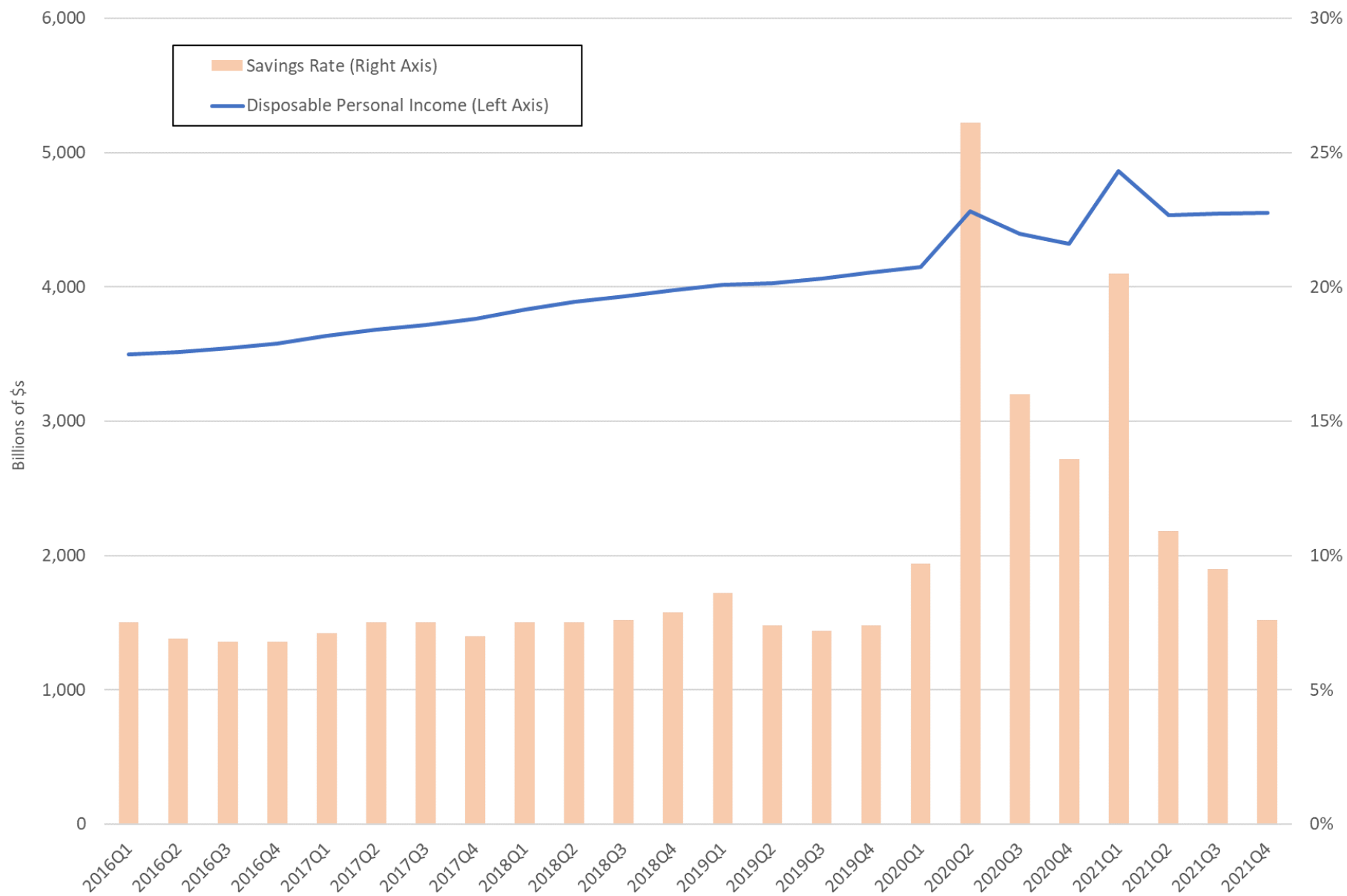
Non-Wage Taxable Income



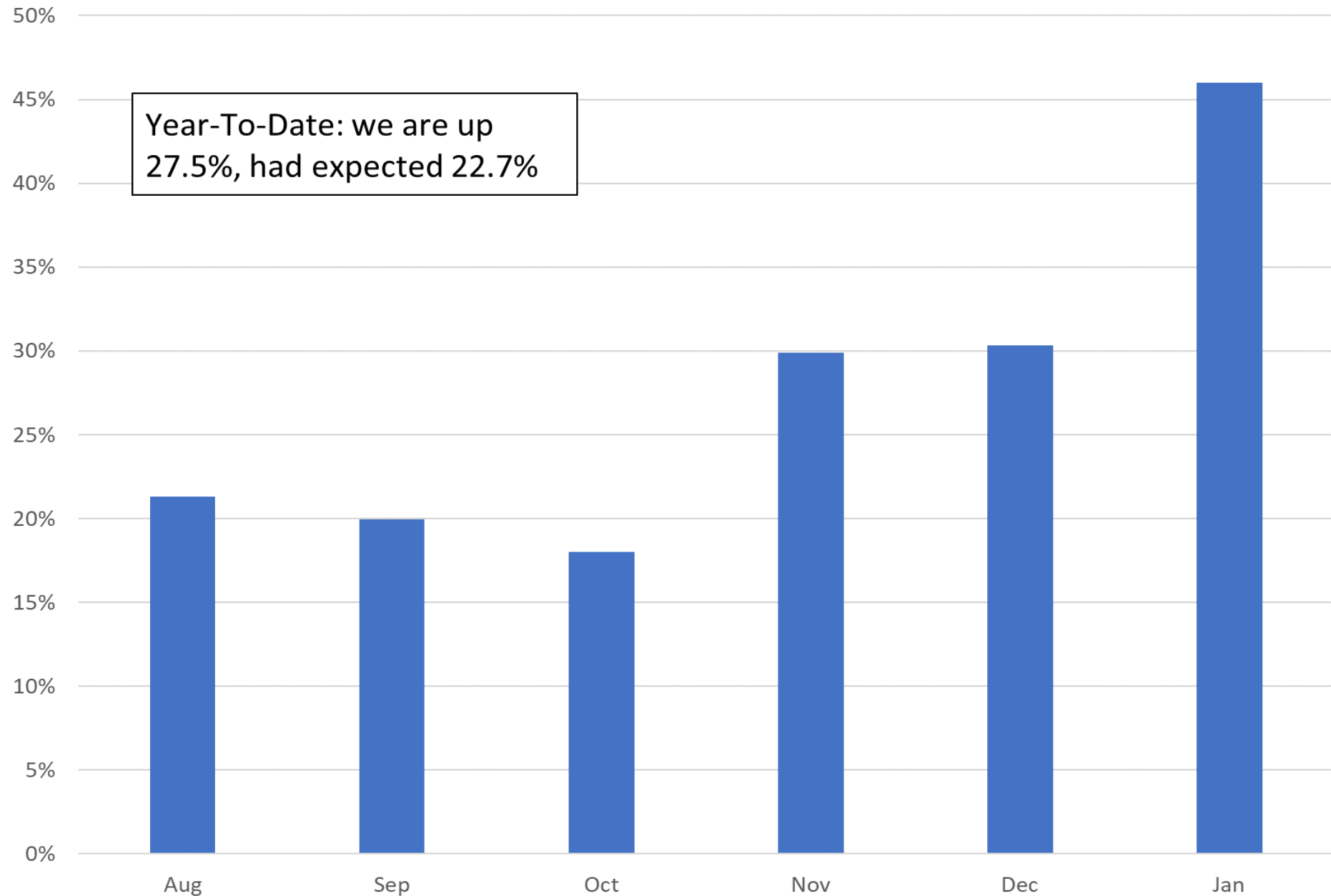
US Net Assets For Wealth Percentiles - Indexed to 2019Q4



National Personal Income and Savings Rate



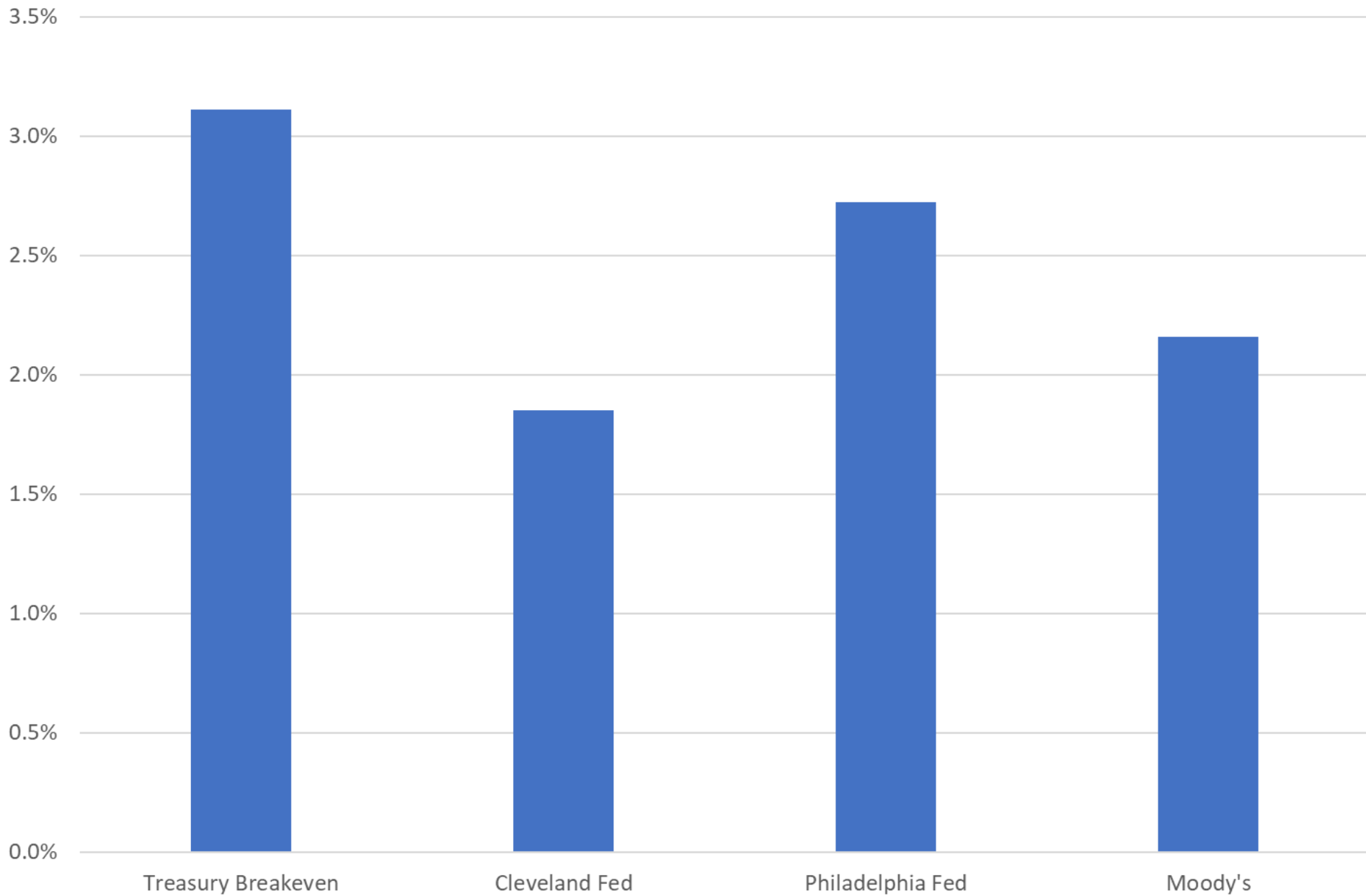
Fiscal Year 2022 Sales Tax Year-Over-Year Growth Rates - Gross Receipts



Risks

- Covid
- Geopolitics - war in Ukraine and retaliatory sanctions
 - Higher gas prices
 - Less spending on other goods
- Loose Monetary Policy
 - Monetary policy is too loose
 - Transitory inflation of the Covid supply shock becoming persistent
 - Risks a short-term inflationary boom followed by rapid tightening
 - Short-term boost to nominal revenue growth
- Capital Gains / non-wage income
 - At high levels
 - Declining asset prices means lower potential cap gains income
 - But a sell-off can result in significant capital gains income realizations

5-Year Average Annual Inflation Expectations - as of March 2022



In Summary

- Most of the revenue adjustments are based on YTD revenue collections
 - Some upward adjustment to both wage and non-wage income growth
- Nonwage income is at very high levels
 - Typically these peaks are not sustainable for extended periods of time
 - The timing and size of a downturn is impossible to estimate
 - Downturns are typically rapid, but so is the recovery
- Ongoing inflation will boost nominal revenue collections
 - And also nominal expenditures

Thank You

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Comptroller of Maryland

Acting Executive Secretary,

Board of Revenue Estimates

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