

# News Release

## Board of Revenue Estimates Approves Adjustments to FY 2025 and FY 2026 Forecasts

*Estimates see minor changes amid uncertainty related to federal government transition and impact on the federal workforce*

**ANNAPOLIS, Md. (December 12, 2024)** — During its last meeting of calendar year 2024, the Maryland Board of Revenue Estimates (BRE) today voted to slightly increase state revenue projections for Fiscal Year 2025 to \$25.3 billion, an increase of 1.6% over FY24 actual revenue and \$25.4 billion in FY 2026, an increase of 0.4% over the currently projected FY25 revenue.

The revised general forecast for FY25 is 0.8% higher than the September estimate approved by the Board, and the FY 2026 is 0.3% higher than the initial FY 26 estimate approved in September. Revenues will increase by \$262.3 million across FY 25 and FY 26, roughly 0.5%. The change is driven primarily by stronger-than-expected wage growth already realized in the state.

**Comptroller Brooke E. Lierman**, who chairs the board, emphasized that Maryland's revenue picture is intertwined with federal government employment, which accounts for a 5.9% share of employment in Maryland. There are 161,000 federal civilian jobs in Maryland, and more than 240,000 Maryland households report nearly \$24 billion in federal wages. This does not include federal contractors living and working in Maryland, or the extensive ecosystem of services and industries connected to and supported by federal employment.

"I remain optimistic about Maryland's economic performance and the resilience of our economy, but we are now navigating a sea of uncertainty as we approach the start of a new Trump administration," **Comptroller Lierman** said. "We can't predict what is going to happen or when, but we know that reductions of the federal workforce, relocations of agencies, or suppressing legal immigration could negatively impact Maryland's revenues, especially as growth in the private sector remains slow. It is possible that we

will see a different revenue landscape in December 2025 based on federal activities that are adverse to Maryland's best interests."

Comptroller Lierman reminded the public that the board's forecast applies only to the state's General Fund, which represents 40% of annual state revenues and includes the big three tax sources: personal income, corporate income, and sales and use tax. The BRE's forecast is based on the most up-to-date information, including year-to-date revenue data, projections from national economic consulting firms, and econometric models.

The estimates factor in a degree of volatility related to business income and capital gains, fluctuations in economic head and tailwinds, current events, and shifts in local, state, regional, and global economies.

Revenues directly impact the state's budget, and the approved estimates assist Governor Wes Moore and the General Assembly with their constitutional obligation to pass a balanced budget every year. Comptroller Lierman noted that this process is complicated by ongoing state budget deficits.

**The Bureau of Revenue Estimates** serves as economic staff for the Comptroller and staff for the Board of Revenue Estimates. As such, the Bureau forecasts and analyzes the State and national economies; forecasts, analyzes, and monitors State revenues; and analyzes the effects of State and federal tax legislation on the State's revenues. In addition, the Bureau provides updates and analyses of the State's economy, revenue performance, and revenue forecasts to the bond rating agencies prior to every bond sale and otherwise as conditions warrant. For more information, visit <https://www.marylandtaxes.gov/divisions/bre.php>.

Materials from the Board of Revenue Estimates' meeting will be available later this afternoon at this link: <https://mdbre.gov/revenue-estimates.php>.

#### **Members of the Board of Revenue Estimates:**

Comptroller Brooke E. Lierman, Chair  
Treasurer Dereck E. Davis  
Department of Budget and Management Secretary Helene T. Grady  
Bureau of Revenue Estimates Director Robert J. Rehrmann is the Board's Executive Secretary.

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