

Revenue Estimates and Economic Outlook

December 12, 2025

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Executive Secretary

Board of Revenue Estimates

Table 4
Maryland General Fund Revenues
Fiscal Years 2025 - 2027

\$ Thousands	FY 2025 Actual	FY 2026				FY 2027			
		September Estimate	December Estimate	Difference	Growth	September Estimate	December Estimate	Difference	Growth
INCOME TAXES:									
Individual	14,565,248	15,342,329	15,420,888	78,560	5.9%	15,679,126	15,788,813	109,687	2.4%
Corporation	1,876,709	1,791,400	1,694,190	(97,210)	-9.7%	1,747,904	1,657,966	(89,937)	-2.1%
Total	16,441,957	17,133,729	17,115,078	(18,650)	4.1%	17,427,030	17,446,779	19,750	1.9%
SALES AND USE TAXES	6,048,565	6,639,208	6,562,583	(76,625)	8.5%	6,948,990	6,869,808	(79,182)	4.7%
STATE LOTTERY	518,990	531,852	542,729	10,877	4.6%	475,238	475,339	101	-12.4%
OTHER REVENUES									
Business Franchise Taxes	306,208	285,637	286,330	693	-6.5%	290,666	291,520	854	1.8%
Tax on Insurance Companies	789,799	795,980	828,315	32,335	4.9%	792,151	819,186	27,035	-1.1%
Estate and Inheritance Taxes	227,265	236,732	323,906	87,175	42.5%	247,960	277,626	29,665	-14.3%
Tobacco Tax	369,956	273,398	262,199	(11,199)	-29.1%	262,399	251,796	(10,603)	-4.0%
Alcoholic Beverages Excise Tax	39,202	39,555	39,498	(57)	0.8%	39,909	39,794	(115)	0.7%
District Courts	38,873	37,861	37,897	36	-2.5%	36,931	37,000	69	-2.4%
Clerks of the Court	28,115	27,166	27,320	153	-2.8%	27,690	27,967	276	2.4%
Hospital Patient Recoveries	91,972	80,935	80,935	-	-12.0%	80,935	80,935	-	0.0%
Interest on Investments	358,663	155,000	200,000	45,000	-44.2%	70,000	70,000	-	-65.0%
Miscellaneous	456,121	383,815	403,075	19,260	-11.6%	375,196	395,694	20,498	-1.8%
Sports Wagering	-	26,262	28,004	1,742		27,691	28,477	786	1.7%
Total	2,706,172	2,342,341	2,517,478	175,138	-7.0%	2,251,527	2,319,993	68,466	-7.8%
Total Current Revenues	25,715,684	26,647,129	26,737,869	90,740	4.0%	27,102,784	27,111,918	9,134	1.4%
Extraordinary Revenues	-	-	-	-		-	-	-	
Transfer Tax	-	25,000	25,000	-		25,000	25,000	-	0.0%
Revenue Volatility Cap ¹	-	-	-	-		-	-	-	
GRAND TOTAL	25,715,684	26,672,129	26,762,869	90,740	4.1%	27,127,784	27,136,918	9,134	1.4%

¹ Established by Chapters 4 & 550 of 2017 and amended by several succeeding Budget Reconciliation And Financing Acts.

Summary of YTD Revenues and Forecast Adjustments

(\$ in Millions)

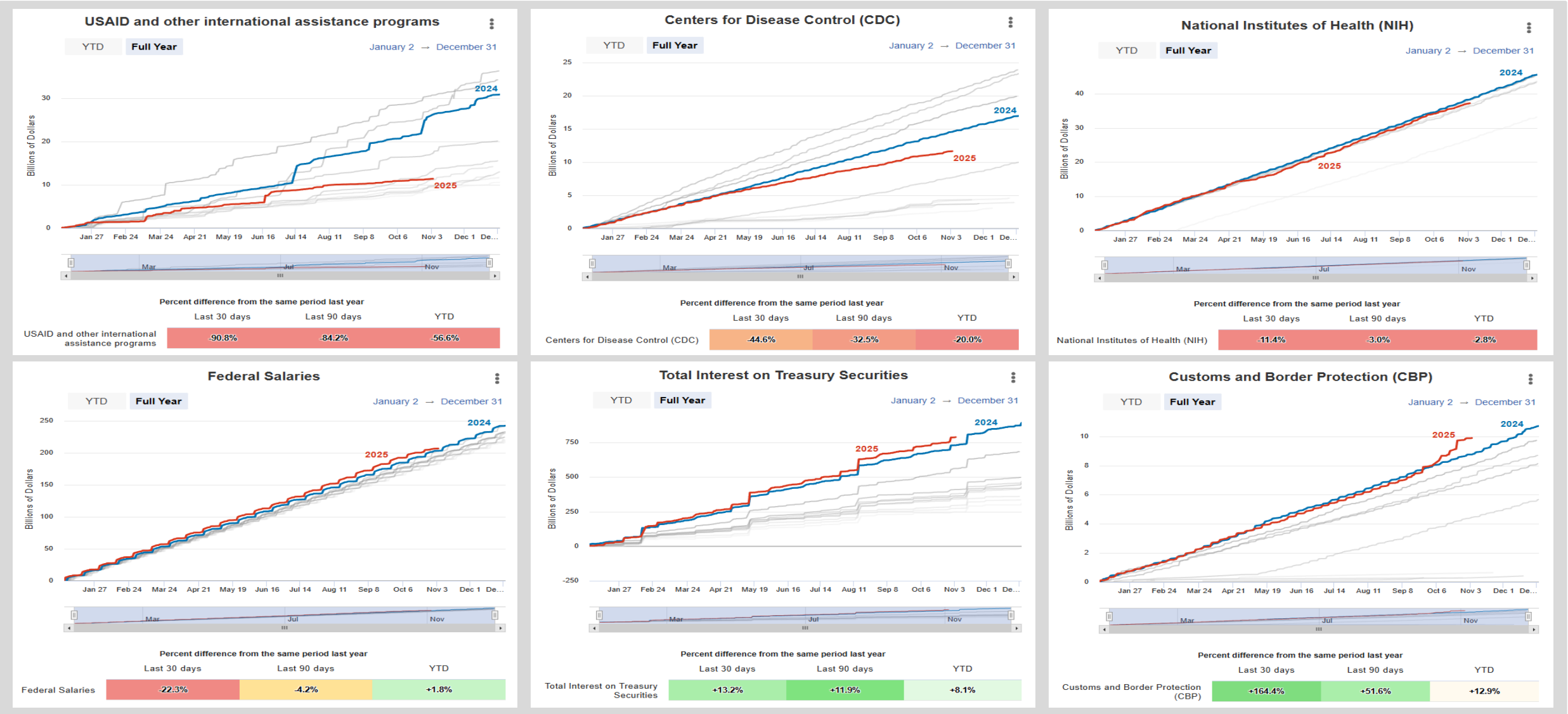
Revenue	Variance from September Estimate	Forecast Change	
		FY 26	FY 27
Personal Income Tax	\$82.9	\$78.6	\$109.7
Corporate Income Tax	(\$60.6)	(\$97.2)	(\$89.9)
Sales Tax	(\$37.4)	(\$76.6)	(\$79.2)
Lottery	(\$12.6)	\$10.9	\$0.1
Other Revenues	\$101.7	\$175.1	\$68.5
Total	\$74.0	\$90.7	\$9.1

What Has Changed Since September Estimate

- YTD revenues are slightly above the forecast
 - Forecast re-calibrates expectations from major revenue sources
 - Increased personal income tax collections and lowered corporate income tax and sales tax revenues
 - Recognize greater than expected revenues from other sources including estate tax and interest income
- Economic forecast is consistent with September and expects growth to slow in calendar 2026
- Federal shutdown reduces available data for the December forecast
 - State-level employment data are delayed
 - Shutdown occurred in the same month as the expected initial impact of the Deferred Resignation Program
- Uncertainty remains over federal policy actions and recent federal and State tax legislation

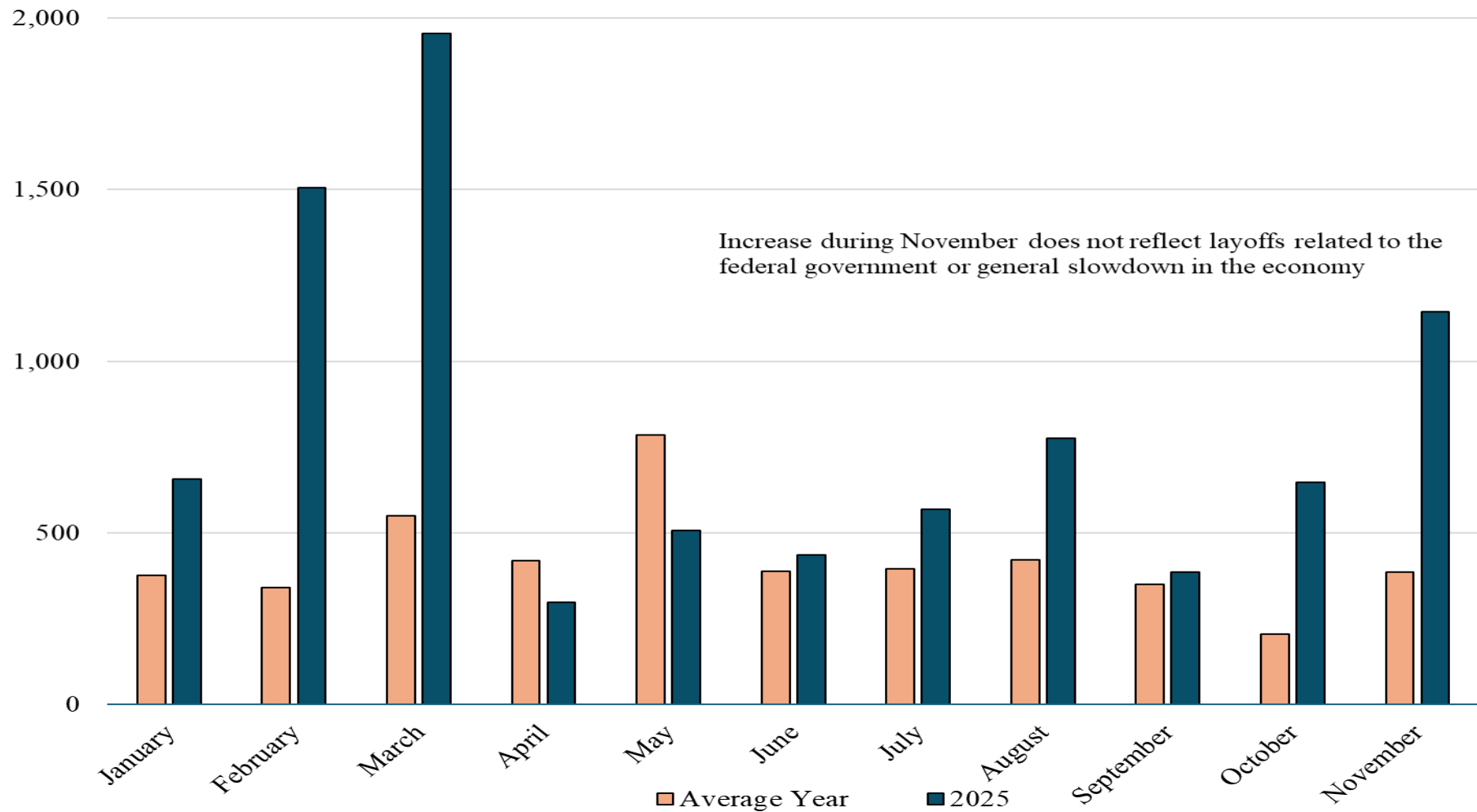


Federal Government Spending YTD

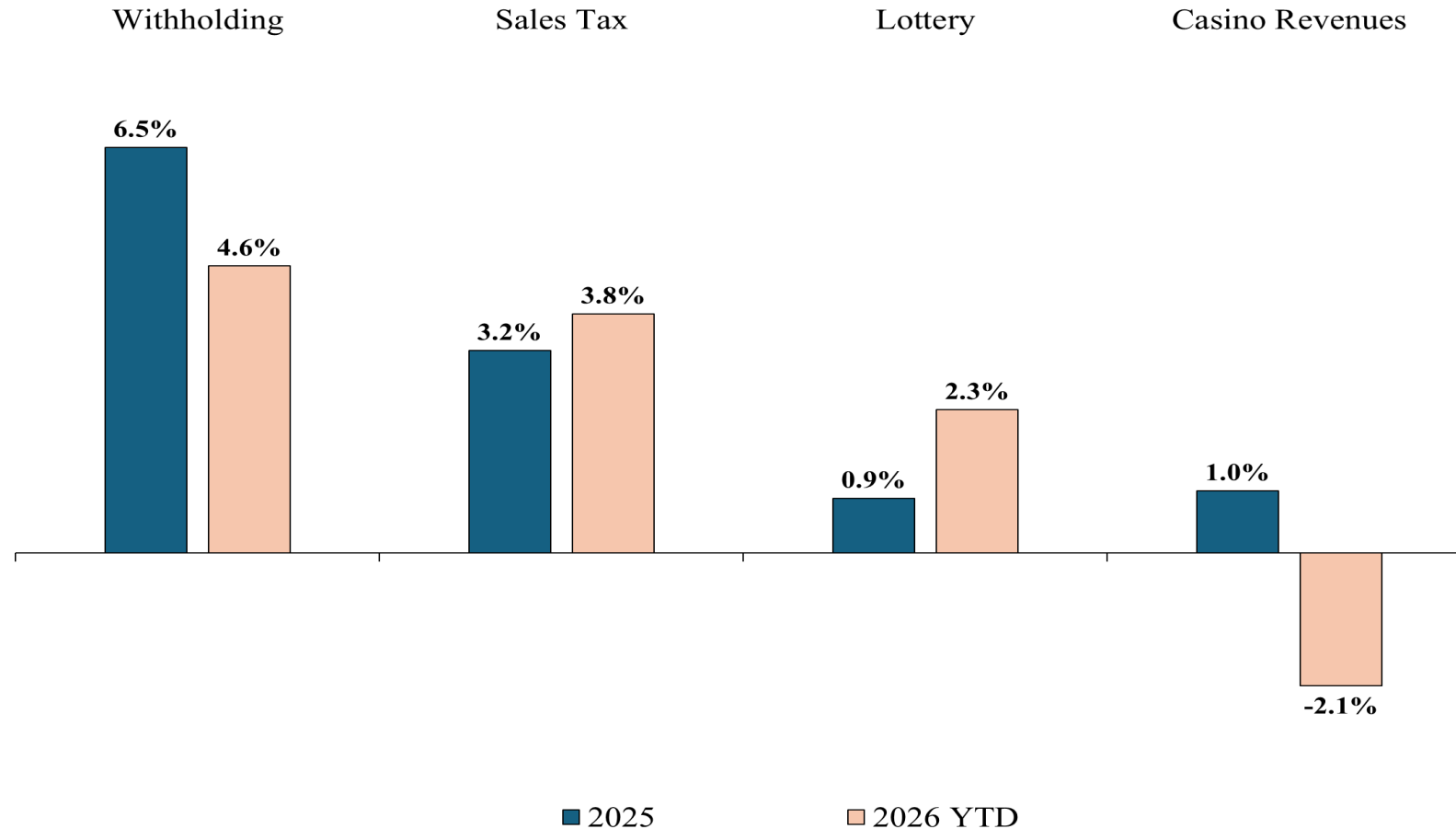


Source: Penn Wharton Budget Model

Maryland Private Sector Layoff Notices by Month



Most Revenue Sources Have Been Resilient



Notes: Casino and sales tax revenues are adjusted for certain law changes and one-time revenues
Lottery reflects non-jackpot game sales

Source: Bureau of Revenue Estimates

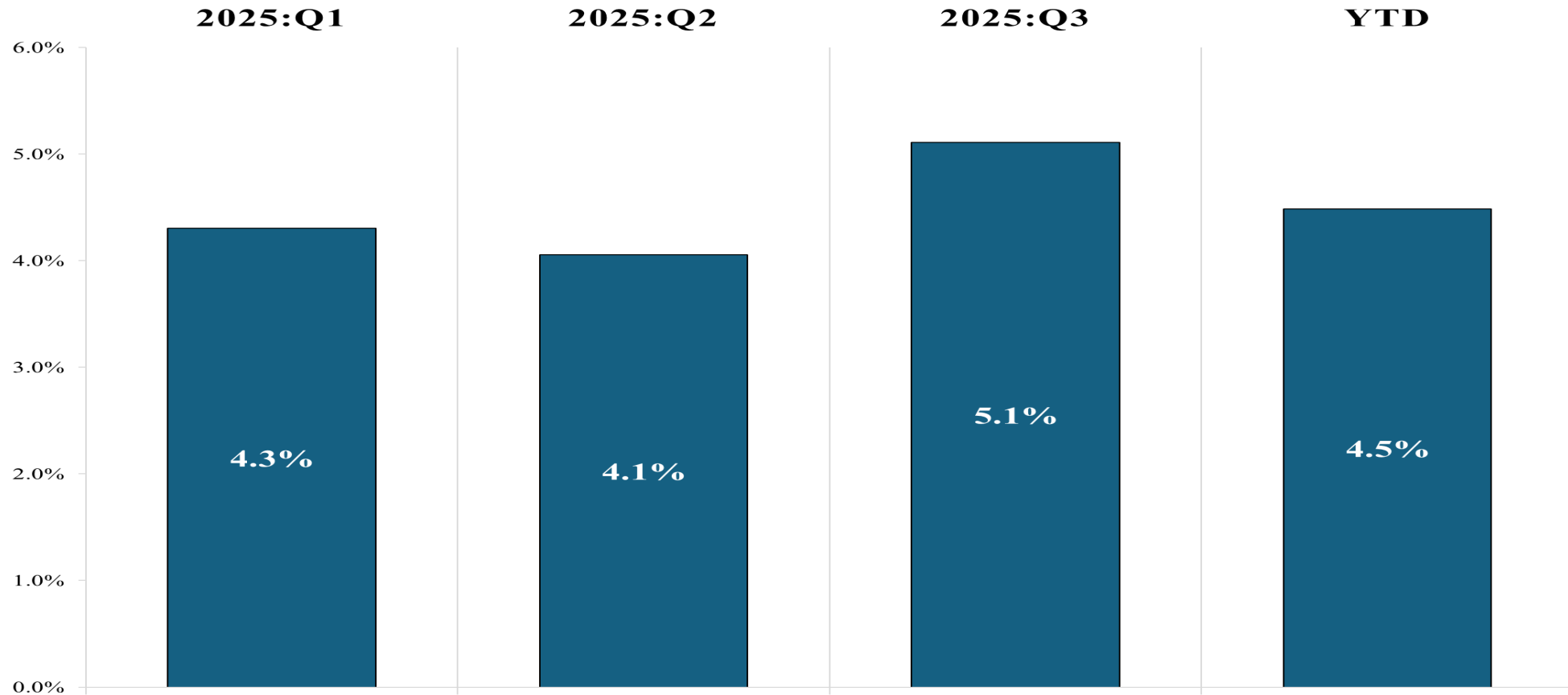
Personal Income Tax

- Estimated payments and withholding revenues are above the estimate
 - Withholding does not reflect impact of federal government shutdown
 - Shutdown occurred in the same month as the expected impact from the Deferred Resignation Program
- Technical change accounts for about one-half of the forecast increase with the remainder due to an increase in the capital gains forecast (modest decline of 8% instead of 15% in TY 25)
- Forecast expects withholding to slow further in tax year 2026



Withholding Revenue YoY Growth Rates

All Sources except Federal Government Employees and Contractors

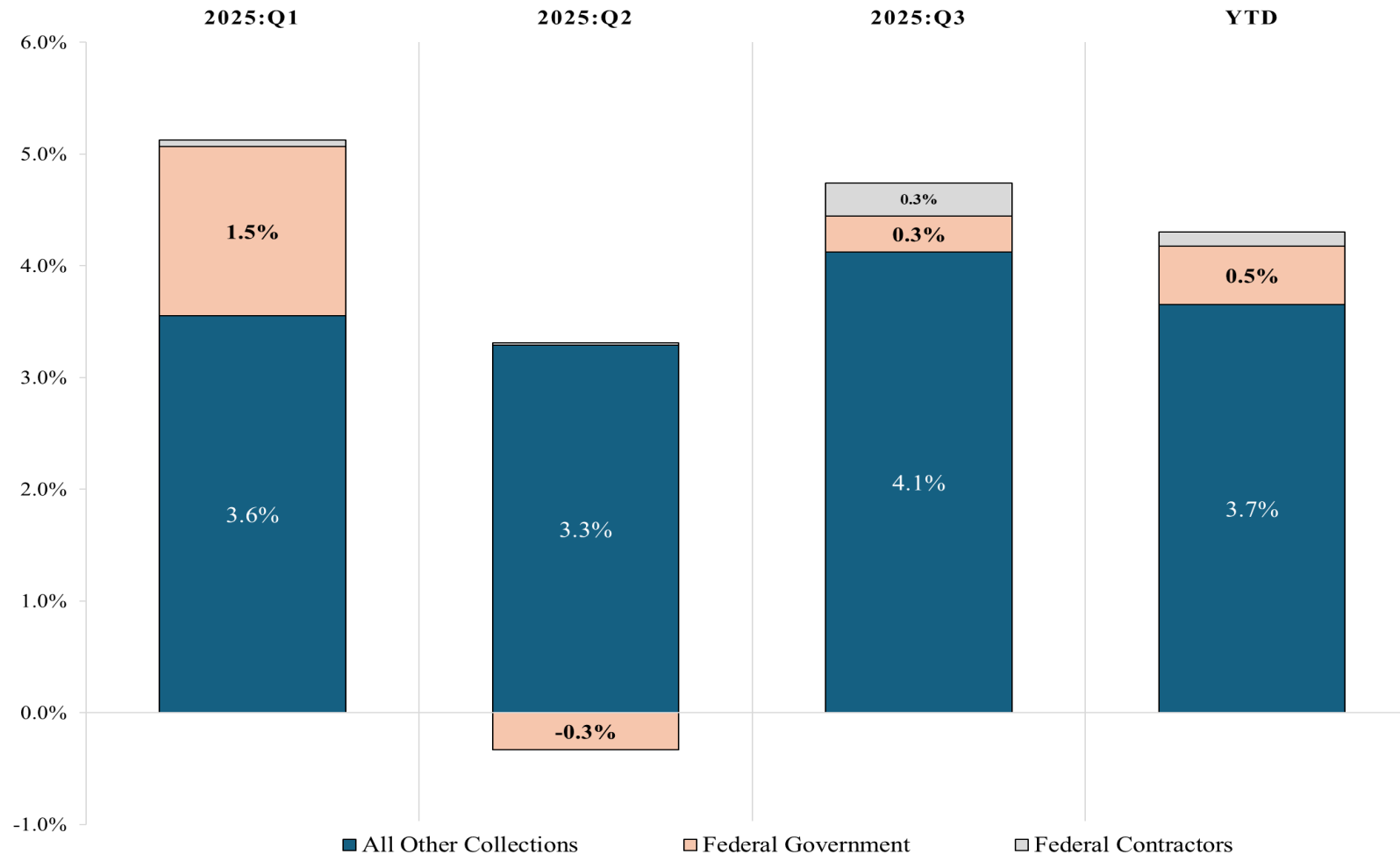


Notes: Reflects attributable withholding collections

Source: Bureau of Revenue Estimates

Contribution to Growth by Quarter

Federal Employees, Contractors, and All Other Collections

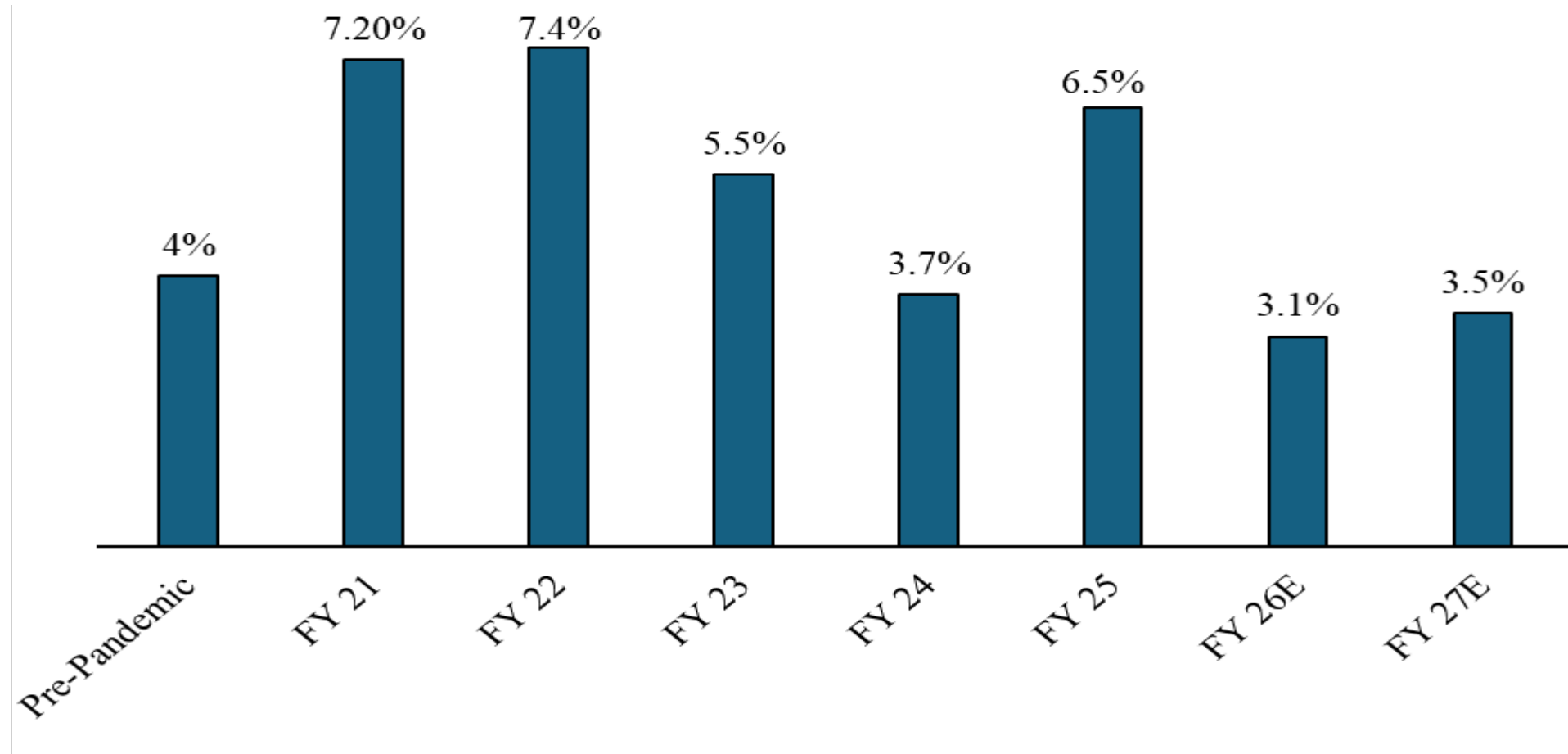


Notes: Reflects attributable withholding collections

Source: Bureau of Revenue Estimates

Withholding Income Tax Revenues

Actual and Estimated

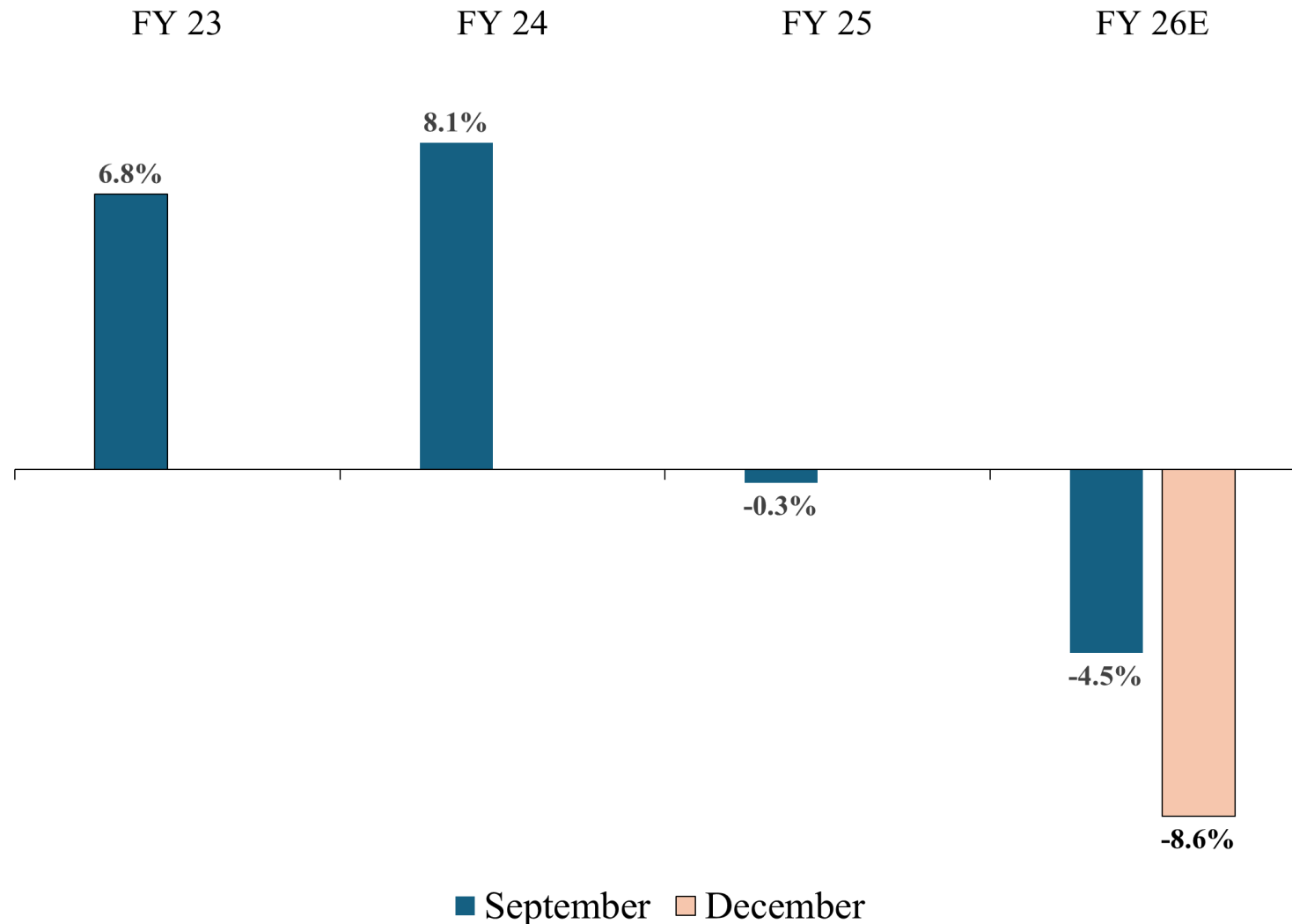


Sales Tax Revenues

- Sales tax revenues are modestly below the September forecast
- Top line growth remains strong but some evidence of slowing in certain consumer spending
- We are updating our estimate for the IT & data services tax estimate based on economic data published after the 2025 legislative session



Revised Corporate Income Tax Forecast



Note: Reflects net revenue (all funds)
Source: Bureau of Revenue Estimates

Corporate Income Tax Revenues

- Corporate income tax revenues are below expectations, leading to the forecast reduction
 - Final payments for prior tax years, current year estimated payments, and refunds are all contributing to the lower revenue
- Only one quarter of data - not enough information to determine cause(s)
 - Corporate tax revenues are declining in other states and federal government
 - One Big Beautiful Bill provisions decrease federal revenues in the short-term
 - Maryland temporarily decoupled from three business income tax provisions
- Decrease in estimated payments is widespread with 16 out of 19 industries declining year-over-year
 - Non-defense contractors are driving weakness in professional, scientific, and technical industry



The seal of the State of Maryland is partially visible on the left side of the slide. It features a shield with a cross and four quadrants, topped by a crown. A figure stands to the left of the shield, and a banner at the bottom reads "FATTI MASCHII PARO". The year "1632" is at the bottom, and "LVNTATIS" is at the top.

Thank You

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