Report of the

Maryland Board of Revenue Estimates

on

Estimated Maryland Revenues

Fiscal Years Ending June 30, 2014 and June 30, 2015

Submitted to
Martin O'Malley
Governor

December 11, 2013

State of Maryland
Board of Revenue Estimates
Louis L. Goldstein Treasury Building, P.O. Box 466
Annapolis, Maryland 21404-0466
E-mail: bre@comp.state.md.us

December 11, 2013

Honorable Martin O'Malley
Governor of Maryland
State House
Annapolis, Maryland 21401

Dear Governor O'Malley:

In compliance with Section 6-106(b) of the State Finance and Procurement Article of the Annotated Code of Maryland, the Board of Revenue Estimates has prepared and herewith submits to you new estimates of State revenues for the fiscal years ended June 30, 2014 and June 30, 2015, based upon current laws and administrative practices. As in the past, the estimates represent the collective efforts of each of the Board members and their staffs.

The Board will continue its study of economic and revenue trends and will report to you any significant changes that may affect Maryland's revenues.

Respectfully yours,

Peter Franchot

Peter Franchot, Chairman

Nancy K Kopp

Nancy K. Kopp

T. Eloise Foster

T. Eloise Foster

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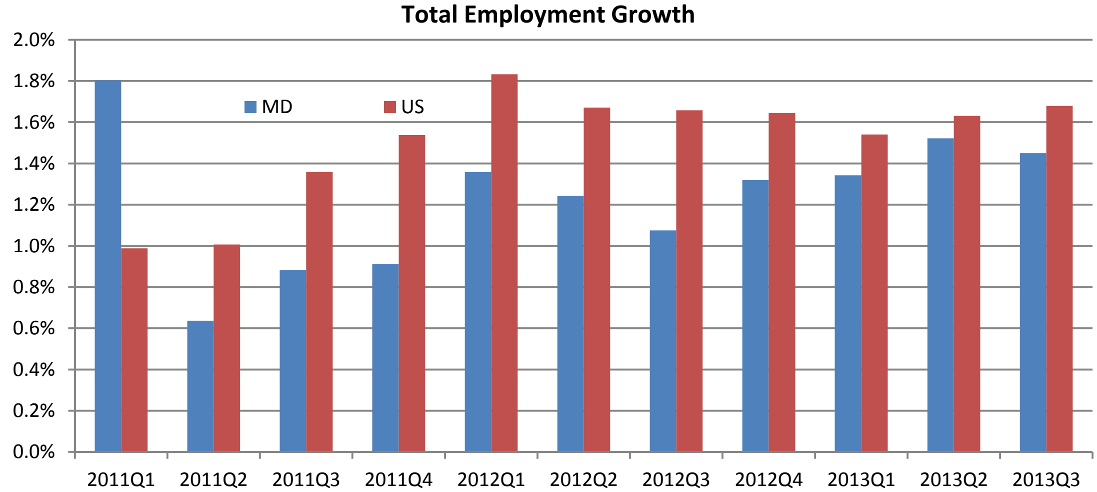
After years of a sluggish national economic recovery, there is a rising possibility for stronger, more sustainable growth in 2014 and beyond. Whereas the immediate situation is somewhat precarious, particularly in light of the upcoming federal budget and debt ceiling deliberations, a relatively successful emergence from those matters will push the final factors that have served to restrain growth into the past. While risks remain, the number of factors that could trigger another recession are fewer and less probable now than at any other point in the recovery.

Maryland's recovery, measured in terms of employment and aggregate income, has not fared as well as the nation as a whole. That comes as no surprise given that the factors currently slowing the national recovery generally bear a greater impact for Maryland, particularly federal budget sequestration, federal tax changes, and the prominent place that general federal austerity holds in the news cycle. The disproportionate impact for Maryland's labor market is evident in the divergence between employment growth for the nation as a whole and Maryland (see Table 1 below); while growing, the pace of growth has lagged the nation in each of the last three years. Employment growth for the nation and Maryland are not always in harmony, though the timing of the divergence directly coincides with the congressional discussions that led to the eventual Budget Control Act of 2011.

Table 1
Total Employment Growth



Source: Bureau of Labor Statistics, Current Employment Statistics

The high unemployment rate (averaging 6.8% year-to-date through October 2013 versus 3.8% pre-recession average) and policy uncertainty have placed significant downwards pressure on wages. Average wage growth was only 2.1% in 2012 and is expected to finish 2013 with growth of just 0.9%. These figures are evident in personal income tax withholding receipts; which grew at the tepid pace of 2.5% in fiscal year 2013 and are expected to finish up 3.1% for fiscal year 2014. Adjusting for law changes that served to enhance collections, underlying growth across those two years is 1.9% and

2.6%, respectively. In line with our economic forecast, which calls for an acceleration in employment growth through 2015 and corresponding improvements to average wage growth, fiscal year 2015 withholding growth shows a notable recovery with growth of 4.6%.

Lifting the aggregate income tax is non-wage income. Income from capital gains is estimated to have surged in tax year 2012 and the equity markets have continued to grow at a near frenzied pace for all of 2013. The S&P 500 index is up 25% for the year through November and is actually 16% higher than its pre-recession peak. Also, home prices continue to recover, with the median existing home price up 12% in 2013 from its recessionary trough in 2011. The volume of housing transactions and related price gains has created an environment for speculation that is expected to translate into taxable income. Subtracting from growth in fiscal year 2014 is a transfer of $99.5 million to the local income tax reserve fund to correct for fiscal year 2013 underfunding. In the aggregate, general fund personal income tax receipts are estimated to grow 4.6% to $8.042 billion in fiscal year 2014 and 6.3% to $8.551 billion in fiscal year 2015.

Sales tax receipts are more highly correlated with wage income, whereas those with substantial non-wage income tend to re-invest more and spend a greater share of their income on non-taxable services. Sales tax receipts in the aggregate, adjusted for rate and distribution changes, increased just 1.4% in fiscal year 2013 and are expected to increase 2.3% for 2014, essentially at or below the rate of inflation, before an increase of 3.9% for fiscal year 2015. Spending on construction related activity has been strong and related receipts are expected to finish 2014 and 2015 up 7.7% and 6.1%, respectively, while performance from the broader consumer segment has been subpar.

Structural shifts in the way consumers purchase taxable goods, most notably online purchases from remote sellers, has served to subtract from taxable growth; however, a significant component of that subtraction should be remedied as Amazon opens a distribution center in Baltimore. There is much uncertainty surrounding the opening of Amazon's facility, though this estimate assumes nexus is in place for all of fiscal year 2015 and forward. Therefore, sales and use tax general fund receipts are expect to increase 2.0% in fiscal year 2014 to $4.151 billion and 5.2% in fiscal year 2015 to $4.365 billion.

Corporate general fund collections have been adjusted down to account for weakness in year-to-date receipts, and it should be noted that absent varying general fund shares of receipts, underlying corporate growth for fiscal years 2014 and 2015 is not as poor as portrayed in the charts, down 2.8% and up 9.3%, respectively. The estate tax and general fund lottery (traditional, not casinos) have been written down for year-to-date performance as well, though lottery improves in fiscal year 2015 as an expected $20 million transfer is no longer required. In the aggregate, general fund revenues increase 2.3% in fiscal year 2014 to $15.230 billion and 5.1% in fiscal year 2015 to $16.005 billion.

State of Maryland
Board of Revenue Estimates
Louis L. Goldstein Treasury Building, P.O. Box 466
Annapolis, Maryland 21404-0466
E-mail: bre@comp.state.md.us

The Board of Revenue Estimates thanks the following participants of the Revenue Monitoring Committee for their assistance.

Andrew Schaufele, Chairman
Director, Bureau of Revenue Estimates
Office of the Comptroller

Bernadette T. Benik
Chief Deputy Treasurer
State Treasurer's Office

Sharonne Bonardi, Director
Compliance Division
Office of the Comptroller

Warren G. Deschenaux, Director
Office of Policy Analysis
Department of Legislative Services

George Freyman, Assistant Director
Revenue Administration Division
Office of the Comptroller

Mary Christine Jackman, Director
Investments
State Treasurer's Office

Daniel Muldoon, Economist
Office of Budget Analysis
Department of Budget and Management

Marc Nicole, Director
Office of Budget Analysis
Department of Budget and Management

Michelle Pack, Revenue Policy Analyst
Bureau of Revenue Estimates
Office of the Comptroller

Jessica Papaleonti, Director
Budget & Financial Administration
State Treasurer's Office

Rhea R. Reed, Director
Revenue Administration Division
Office of the Comptroller

David Roose
Deputy Comptroller
Office of the Comptroller

Amber Teitt, Director
Debt Management
State Treasurer's Office

Steven Theroux, Revenue Policy Analyst
Bureau of Revenue Estimates
Office of the Comptroller

Theresa M. Tuszynski, Economist
Office of Policy Analysis
Department of Legislative Services

Linda Williams
Financial Planning Manager
Maryland Department of Transportation

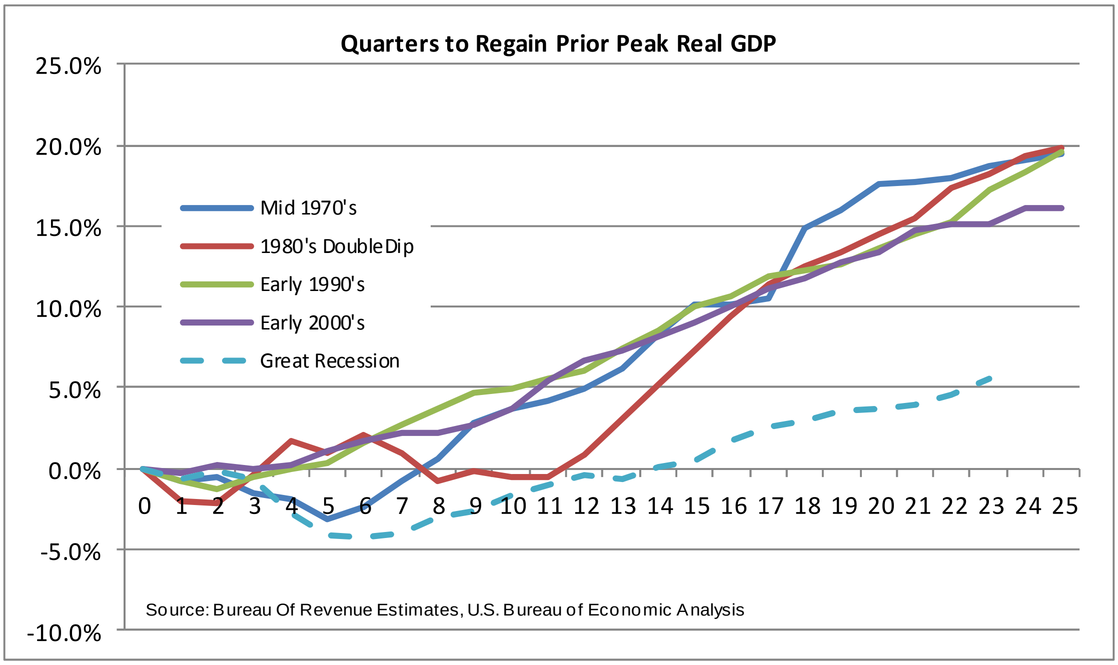
David Van Remoortere, Revenue Policy Analyst
Bureau of Revenue Estimates
Office of the Comptroller

Telephone: 410-260-7450

Toll free: 1-888-674-0017 • For the hearing impaired: Maryland Relay 711 • TTY 410-260-7157 • EOE

The U.S. Economy

Well into the fourth year of recovery, the U.S. economy continues to rebuild following the Great Recession, albeit at an extraordinarily tepid pace. As shown in the chart below, the recovery from the Great Recession has been unlike any prior post WWII economic recovery. Through the third quarter of 2013, 23 quarters since the pre-recession peak, real gross domestic product (real GDP) is just 5.5% greater than its pre-recession peak level. To put that in perspective, the average economic expansion for this point in other significant recessions averages 17.3%.



Consumer spending, generally two thirds of the economy, has been a slow and steady source of growth for much of the recovery. Improved household balance sheets have provided a boost to confidence and spending, though the precarious employment situation continues to restrain growth potential. Since the recovery began, inflation adjusted personal consumption expenditures have averaged growth of just 2.1%; prior to this recession, consumer spending growth in non-recessionary periods has averaged 4.1%.

Roughly 15% of the jobs lost in the recession remain lost (1.3 million jobs). The chart below details how the top 10 industries for national employment prior to the recession have fared since. Health Care has provided a significant boost while, unsurprisingly, Construction remains severely impacted. Manufacturing has been on the losing side for a long time, though the recession has certainly had a sizeable impact.

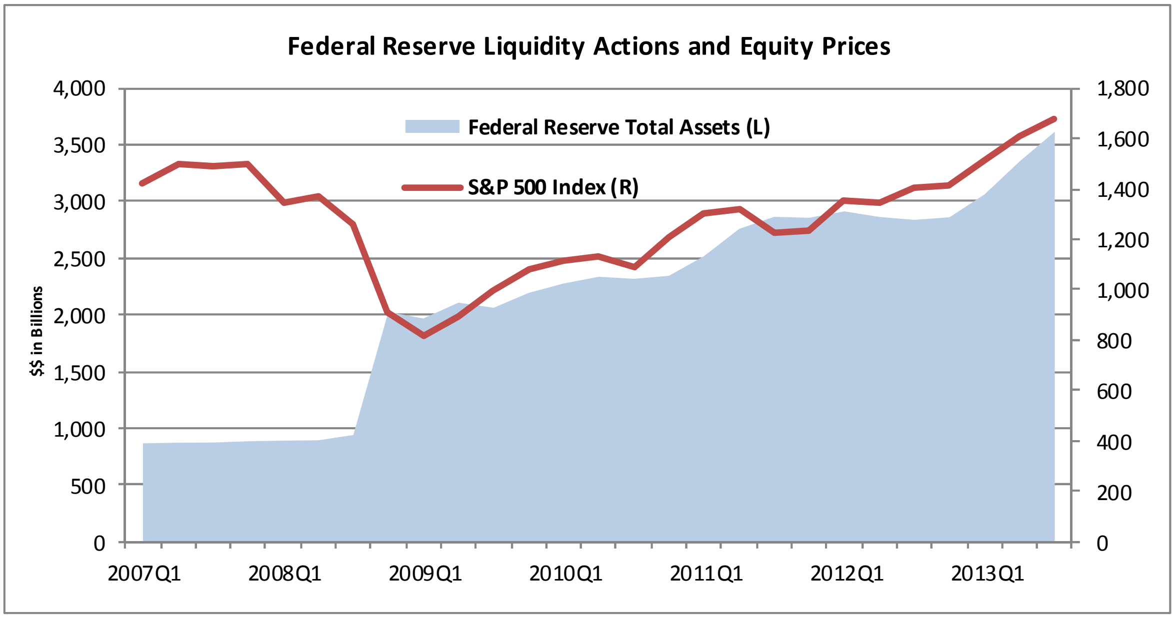
U.S Employment Statistics			
Industry	Share of Total Employment	Growth Since Peak	Job Change Since Peak (in thousands)
Total	**100.0%**	**-0.9%**	**-1,291**
Health Care & Social Assistance	11.3%	+11.6%	+1,811
Retail Trade	11.3%	-1.6%	-250
Local Government	10.5%	-2.8%	-410
Manufacturing	9.9%	-12.5%	-1,711
Accommodations & Food Services	8.4%	+6.0%	+694
Admin & Waste Services	6.0%	+2.4%	+198
Professional & Tech Services	5.7%	+4.7%	+369
Construction	5.4%	-21.7%	-1,625
Finance & Insurance	4.4%	-3.6%	-218
Wholesale Trade	4.4%	-4.1%	-246
Everything Else	22.7%	+0.3%	+95

Note: National peak employment in January 2008 was used for all industries and share of employment

The unemployment rate and composition of jobs has placed downwards pressure on wages. The unemployment rate, which has come down significantly from its peak of 10.0% in late 2009, remains stubbornly elevated at 7.0%. However, one reason for lower unemployment is the historically low labor force participation rate. The labor force participation rate of 63.0% is at its lowest level in thirty-five years, causing an artificially deflated unemployment rate. With so much slack in the labor market, it is not surprising that the average wage in the recovery has increased at an annual rate of just 2.3%, just ahead of inflation for the same period (2.0%). Furthermore, the jobs created since the recession's onset are more heavily weighted towards part-time positions which tend to pay less; since the pre-recession employment peak, the number of laborers working part-time positions has increased 10.5% while the number of laborers working full-time positions has decreased 4.3%.

However, consumers are increasingly emboldened by an improving labor market. Consumer spending has been a continuous source of support for the national recovery of late, though, for the above mentioned reasons, not strong enough to support a broad based expansion that substantially lifts employment and income. At 68% of the gross domestic product, consumer spending is critical to a substantial recovery. In 2014, many of the factors that served to impede growth for this category will be lifted, notably the expiration of the payroll tax holiday and increased federal tax rates for tax year 2013 will be a full year removed, and federal budget sequestration will be one year old in March 2014.

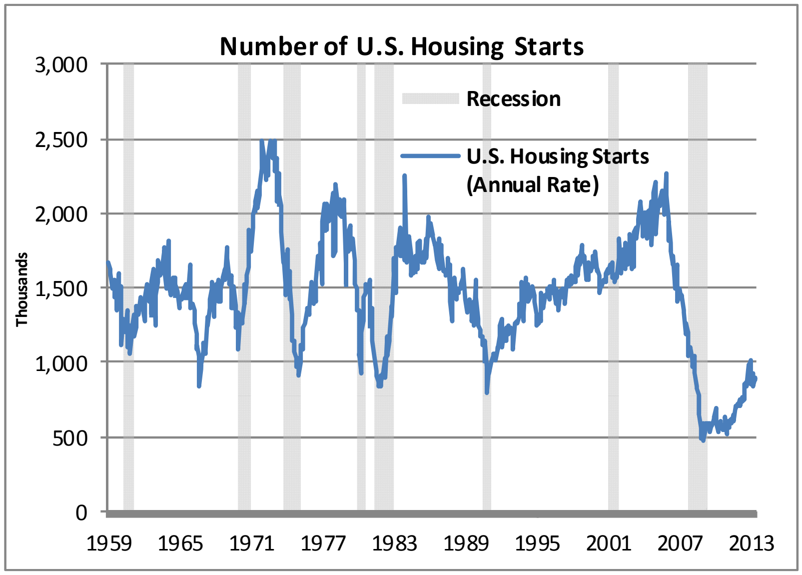
Increased asset prices have served as a counterbalance to the employment and wage factors that are subtracting from consumer spending. The housing market has improved greatly since its recessionary trough (prices fell nearly 30% peak to trough), with the median price for existing home sales up 25.0% since. Aiding the improvement in prices has been the reduction in supply and low interest rates. In September 2013, according to the National Association of Realtors, the inventory of single family homes for sale was down 41.5% from the pre-recession peak. Interest rates for a 30 year fixed rate mortgage, as reported by the Federal Housing Finance Agency have averaged just 3.9% for 2013. While risks to the housing recovery abound (discussed later), the increased value (though still down 6.7% from peak) for what is most families greatest asset has bolstered spending confidence.



The Federal Reserve's approach to limiting the recession's impact and restoring liquidity to the financial system, termed quantitative easing, has had significant ramifications for equity markets. The above chart compares the S&P 500 index to the total assets on the Federal Reserve's balance sheet. The S&P 500 through November 2013 is up 16% from its pre-recession peak and has more than doubled its recessionary trough. The broader Wilshire 5,000 index is up 28% this year and 23% from its pre-recession peak. While corporate profits have eclipsed pre-recession levels and many argue that the fundamentals support such price levels, the impact of the Federal Reserve's actions has certainly had an undeniable impact on the market.

Reduced liabilities are also having an impact, as reported by the Federal Reserve, the total liabilities of households through the second quarter of 2013 were down 6.7% from their peak in late 2008. De-leveraging has been a hallmark of this recession as over-leveraging was a primary cause; with consumers' balance sheets looking better on both sides of the ledger, it would seem that we are on the precipice of substantial improvement from this critical sector.

Residential fixed investment and its broader economic ramifications have provided the other pillar of growth for the last two years. Increased home prices, low interest rates, and the expectation for increased household formation over the next several years have provided the impetus for new construction and remodeling activity. According to the U.S. Department of Commerce, the number of privately owned housing starts has averaged an annual rate 907,000 for 2013 through August. For perspective, in the depths of the recession, the level of starts had fallen to 478,000 in April 2009; however, we remain well below the peaks of the housing bubble where levels climbed above 2 million. While we may not see bubble level starts for quite some time, advances in starts have created jobs throughout the broader economy and are expected to provide sustained economic support throughout 2014 and 2015.



All told, growth in real gross domestic product is expected to finish 2013 up a meager 1.7% before gathering momentum in to 2014 and beyond. Employment gains are set to coincide with improved economic expansion rates and wage income will benefit as well; however, gains for the average wage will lag employment gains somewhat until the labor market tightens. Risks remain, though the number of factors that could trigger another recession seems fewer and less probable now than at any other point in the recovery. That said, current risks include the housing recovery which could be hampered by an increase in interest rates or a sudden rise in inventory (bank held properties and so-called shadow inventory), the eventual impact of the Federal Reserve's exit from quantitative easing, an unsatisfactory resolution for the federal budget or debt ceiling deliberations, greater than expected future impacts from federal budget sequester, a broad European economic pullback, and of course, an unforeseen geopolitical conflict.

Table 1

Forecast of the US Economy

Primary Indicators

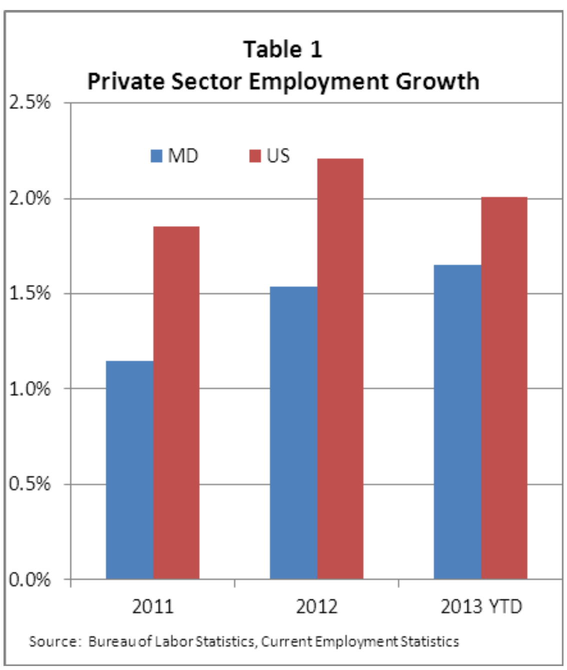
CALENDAR YEAR	2009	2010	2011	2012	2013	2014	2015
Real Gross Domestic Product ($ in billions)	14,418	14,779	15,052	15,471	15,728	16,116	16,619
	-2.8%	*2.5%*	*1.8%*	*2.8%*	*1.7%*	*2.5%*	*3.1%*
Federal Funds Rate (%)	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.4%
10-Year Treasury Bond Yield (%)	3.3%	3.2%	2.8%	1.8%	2.3%	2.9%	3.2%
Consumer Price Index (%Δ from prior year)	-0.3%	1.6%	3.1%	2.1%	1.4%	1.4%	1.7%
Housing Starts (thousands of units)	554	586	612	783	913	1,139	1,472
	-38.4%	*5.7%*	*4.5%*	*28.0%*	*16.6%*	*24.7%*	*29.3%*
Light Vehicle Sales (thousands of units)	10,402	11,555	12,735	14,442	15,527	15,928	16,342
	-21.2%	*11.1%*	*10.2%*	*13.4%*	*7.5%*	*2.6%*	*2.6%*
Corporate Profits Before Taxes ($ in billions)	1,393	1,741	1,878	2,009	2,087	2,175	2,280
	8.4%	*25.0%*	*7.9%*	*7.0%*	*3.9%*	*4.2%*	*4.8%*
Total Non-Agricultural Employment (thousands)	130,859	129,911	131,500	133,737	135,915	138,087	140,540
	-4.4%	*-0.7%*	*1.2%*	*1.7%*	*1.6%*	*1.6%*	*1.8%*
Unemployment Rate (%)	9.3%	9.6%	8.9%	8.1%	7.5%	6.9%	6.4%
Total Personal Income ($ in billions)	12,082	12,435	13,191	13,744	14,133	14,783	15,494
	-2.8%	*2.9%*	*6.1%*	*4.2%*	*2.8%*	*4.6%*	*4.8%*

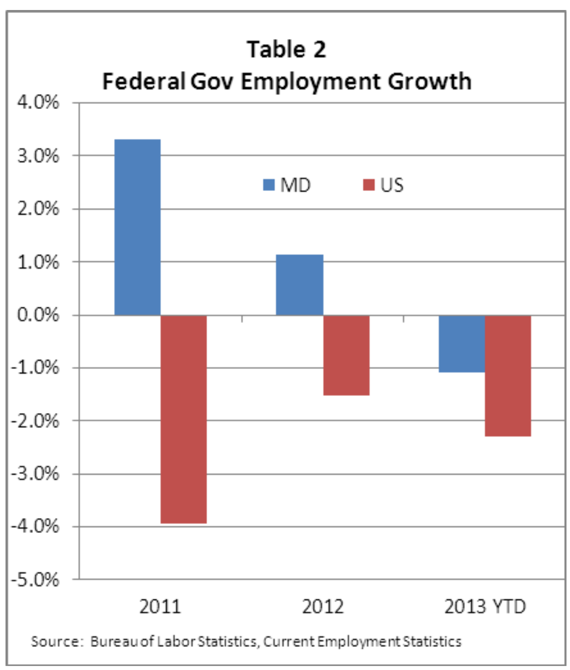
Source: Board of Revenue Estimates and Global Insight (December 2013 Forecast)

The Maryland Economy

Maryland's economy displayed resilience throughout the Great Recession; however, the recovery has been tepid, even more so than for the nation as a whole. Many of the headwinds confronting the national economy bear a disproportionally greater impact for Maryland – particularly those related to tax changes and the federal budget. Real gross-state-product grew 2.4% in 2012 and is expected to slow to 1.5% for 2013 and then back to 2.4% in 2014. The heavy federal government presence within the State served as a barrier against much of the recessionary devastation, though for the near term this asset has become a liability as federal budget sequester has been implemented, the federal government was temporarily shut down, and general federal austerity remains atop the news cycle. That said, the outlook for the private sector is bright as the more forward looking private sector that is directly connected to the federal outlays made principal adjustments back in 2011 and 2012 and those with only secondary relationships (non-federal focused industries) are expanding, albeit at a moderate pace.

Much of the uncertainty surrounding federal budget sequestration remains, though its estimated impact for Maryland has lessened greatly relative to estimates prior to commencement. First, the private sector seems to have taken a defensive position in early 2011 as the Budget Control Act of 2011 was considered by policy makers prior to its passage that August. Maryland's private sector's planning actions are evident in the divergence between private sector employment growth for the nation as a whole and Maryland; while growing, the pace of growth has lagged the nation in each of the last three years (see Table 1 below).





Furthermore, to date, the direct impact for federal employment in Maryland has been muted relative to the national impact (see Table 2). Maryland federal employment in 2011 was boosted by the statutory September 2011 end date of the 2005 Base Realignment and Closure (BRAC) process which brought more than 11,000 direct federal employees to the State. Since 2011, Maryland has continued to fare better than the nation, though just looking at Maryland is somewhat deceptive. The employment statistics cited in the above charts count jobs by location, and since Maryland is a net exporter of workers to Washington D.C., the district's statistics are salient; Washington D.C. has lost almost 8,000 federal jobs since 2011. While Maryland residents certainly share in the district's federal job losses, it seems that the greater share of the federal impact to this point has been realized by smaller field offices dispersed throughout the country.

Although the estimated impact of sequestration to the State has been less than originally thought, the impact has been significant. The current estimate for the Maryland job losses from sequester totals 25,000, with losses continuing into calendar year 2015. It is important to note that the above job losses do not directly relate to 25,000 separations, they also include positions that would have been created in the absence of sequester or positions eliminated through attrition. It is also important to note that significant risk remains for this aspect of the forecast. To date, federal agencies have been generally opaque regarding their methods for reaching their reduced budget targets. For example, many have identified reductions to travel expenses, which would generally have little impact to the State, while others have either not filled or eliminated positions; however, the bulk of federal agencies have been silent regarding their cuts. The extent to which the cuts made through the first full year of sequester are not ongoing cuts or current contracts are not renewed, the impact could be greater.

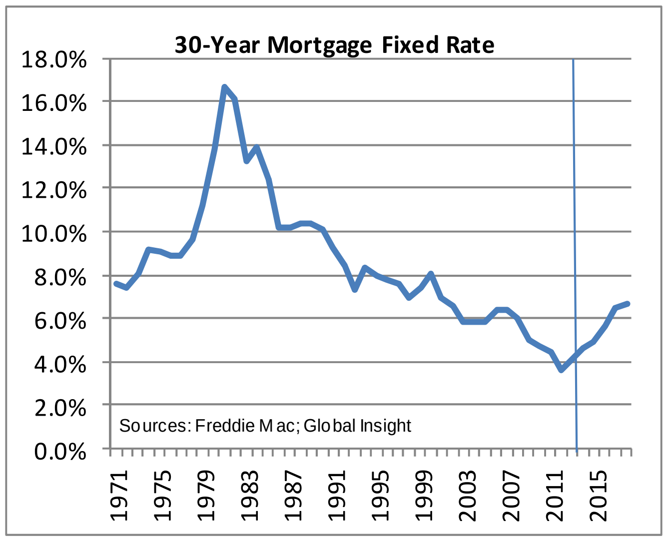
While the general uncertainty regarding federal spending and taxation have plagued the recovery together, the taxation aspect is now somewhat resolved, though to the detriment of Maryland disposable income. As the country rolled towards the fiscal cliff in the fourth quarter of 2012, it seemed that the tax cuts passed between 2001 and 2003 would expire, redirecting more than $4.0 billion from Maryland residents to the federal government. Congress was able to ward off the full impact, though taxes did increase for 2013, generally for wealthier individuals. While the impact was significantly reduced relative to the fiscal cliff, the more modest changes did shift several hundred millions of dollars from Maryland residents to the federal government.

Further impacting consumer spending has been poor wage growth and the expiration of the federal payroll tax holiday. Unsurprisingly, the stubbornly elevated unemployment rate (averaging 6.8% year-to-date through October 2013 versus 3.8% pre-recession average) and policy uncertainty have placed significant downwards pressure on wages. The average wage increased just 2.1% in 2012 and is estimated to grow only 0.9% for 2013; 2012 growth equaled inflation and 2013 will likely come in well below, indicating an erosion of purchasing power.

However, asset prices and their impact on spending have served as a stimulus to the besieged consumer market by generating income and inducing the so called "wealth effect." The wealth effect occurs as consumers' assets values rise to levels at which they feel comfortable making additional discretionary purchases. Much of the wealth destroyed in the depths of the recession has been restored – particularly for those with equity investments.

Driven by strong corporate earnings and balance sheets as well as the federal bond-buying programs (quantitative easing), the stock market indices have fared very well since their recessionary troughs, even reaching new highs this year. Through November, the Standard and Poor's 500 index is up 136% from March 2009 and the broader Wilshire 5000 Total Market Index is up 157% from February 2009; for the year, the S&P 500 and Wilshire 5000 are up 25% and 28% respectively.

The housing market has continued to improve as well. Through October 2013, as reported by the Maryland Association of Realtors, unit volume and median price are up 14.6% and 5.2%, respectively. A combination of factors including affordability, pent-up demand, and low interest rates are driving the market. For this year, perhaps the most important factor has been historically low interest rates; the average 30 year fixed rate mortgage as reported by the Federal Home Loan Mortgage Corporation (Freddie Mac) reached a historic low of 3.45% in December 2012. Subsequently, rates have increased moderately to 4.19% in October 2013 and remain well below historical norms. The general expectation for interest rates to continue to rise back to more normal levels is inciting much of the current activity and should drive growth for this upcoming spring selling season; the estimated difference between a 4% and 6% interest rate for the average mortgage payment is a $400 per month increase. While rising interest rates will eventually turn to a headwind for the housing market, pent-up household formation is set to fill the void.



The forecast for Maryland remains relatively unchanged from prior year's expectations, with employment and personal income growth accelerating until 2015/2016 when the recovery takes a firm hold and more regular growth rates ensue. As the employment situation improves, so will wages, both in the aggregate and at the average wage level. Capital gains and retirement income will provide a boost to taxable income for the State as increased asset prices and demographics are expected to symbiotically generate enhanced income realization.

As noted above, job gains will drive the broader recovery. For 2013, job growth as reported for the Current Employment Statistics Survey by the U.S. Bureau of Labor Statistics (BLS) shows year to date growth (through October) of 1.4%. The chart below details how the top 10 industries for State employment prior to the recession have fared since. In the aggregate, Maryland needs 8,200 net new jobs to reach its pre-recession peak level of employment. Health Care & Social Assistance has continued to serve as a steady source of growth and positions while Professional & Technical Services and Federal Government categories have benefited substantially from the previously mentioned BRAC process. Manufacturing has continued a long-term decline trend and Construction & Mining and Retail remain well below the housing bubble induced employment levels. These numbers are subject to revision and our current forecast for 2013 (growth of just 0.9%) implies a somewhat significant downwards revision; data from the Quarterly Census of Employment and Wages, essentially a census for the jobs in the State and the most significant later benchmark for the BLS survey, suggests that the BLS survey has been overstating jobs for this year. Employment is expected to improve in 2014 as the level of policy uncertainty is reduced and the national and world economies gather momentum, and further acceleration is expected into 2015 and 2016.

Maryland Employment Statistics

Industry	Share of Total Employment	Growth Since Peak	Job Change Since Peak
Total	**100.0%**	**-0.3%**	**-8,200**
Health Care & Social Assistance	11.8%	+13.3%	+41,000
Retail Trade	11.4%	-3.7%	-11,000
Local Government	9.6%	-0.9%	-2,300
Professional & Tech Services	8.6%	+8.4%	+18,800
Accommodations & Food Services	7.6%	+4.9%	+9,800
Construction & Mining	7.1%	-20.7%	-38,600
Admin & Waste Services	5.9%	+2.9%	+4,400
Manufacturing	5.0%	-20.5%	-26,800
Federal Government	4.8%	+13.9%	+17,500
Other Services	4.5%	-5.7%	-6,800
Everything Else	23.6%	-2.3%	-14,200

Note: Maryland peak employment in February 2008 was used for all industries and share of employment

As in recent forecasts, risks abound, particularly those related to the federal government. The federal budget and debt ceiling come back into play in the first quarter of 2014, opening the door for another shutdown or possibly a recession, and federal sequester remains a somewhat open issue (as discussed earlier). Also, there is risk regarding the Federal Reserve's expected reduction to its current bond-buying program and the impact it will have on the broader economy as well as the financial markets. Direct upside risks include the positive alteration or removal of sequestration as a component of possible entitlement and/or tax reform and a greater economic impact from the Port of Baltimore's capture of lucrative trade business resulting from the widening of the Panama Canal which is set to conclude in 2015.

Table 2

Forecast of the Maryland Economy

CALENDAR YEAR	2009	2010	2011	2012	2013	2014	2015
Total Non-Agricultural Employment (thousands)	2,522	2,517	2,543	2,575	2,598	2,637	2,686
	-2.9%	*-0.2%*	*1.1%*	*1.2%*	*0.9%*	*1.5%*	*1.8%*
Existing Median Home Price	306,535	295,268	283,639	289,316	314,468	341,658	345,851
	-5.6%	*-3.7%*	*-3.9%*	*2.0%*	*8.7%*	*8.6%*	*1.2%*
Existing Single Family Home Sales (thousands)	60.5	62.7	65.9	73.4	84.6	93.9	101.8
	13.8%	*3.7%*	*5.0%*	*11.4%*	*15.2%*	*11.1%*	*8.4%*
Total Private Housing Starts (thousands)	10.0	12.0	11.7	14.8	15.9	18.2	22.9
	-22.6%	*20.4%*	*-2.3%*	*25.8%*	*7.9%*	*14.1%*	*26.0%*
Total Personal Income ($ in millions)	282,153	289,653	306,001	316,682	322,782	337,477	354,825
	-0.3%	*2.7%*	*5.6%*	*3.5%*	*1.9%*	*4.6%*	*5.1%*
Wages and Salaries ($ in millions)	136,310	139,342	144,537	149,349	152,137	158,047	166,015
	-0.8%	*2.2%*	*3.7%*	*3.3%*	*1.9%*	*3.9%*	*5.0%*
Dividends, Interest and Rent ($ in millions)	51,216	51,326	56,442	59,759	62,298	66,918	71,655
	-9.0%	*0.2%*	*10.0%*	*5.9%*	*4.2%*	*7.4%*	*7.1%*
Capital Gains ($ millions)	3,729	4,406	5,067	7,600	9,121	9,668	10,054
	-35.8%	*18.2%*	*15.0%*	*50.0%*	*20.0%*	*6.0%*	*4.0%*
Unemployment Rate (%)	7.4%	7.8%	7.3%	6.8%	6.8%	6.4%	6.1%

Source: Board of Revenue Estimates and Global Insight (December 2013 Forecast)

General Fund Revenues

In preparing these estimates, all of the State's revenue collecting agencies were consulted. In addition, the Board of Revenue Estimates continued to rely on the Revenue Monitoring Committee, comprised of key State staff with revenue estimating knowledge or collection responsibility. The committee compared and considered alternative economic forecasts from national economic consulting firm Moody's Analytics and Global Insight, and local economists at Sage Policy Group.

Table 3 shows detail on general fund and selected special fund revenue sources for fiscal years 2013 through 2015. Table 4 provides additional detail on general fund revenues. The sections which follow these tables provide more information on each of the state's general fund revenue sources.

Table 3

Selected Revenues

Fiscal Years 2013 - 2015

$ Thousands	GENERAL AND BUDGET RESTORATION FUND			SPECIAL FUND			TOTAL		
	Fiscal Year 2013 Actual	Fiscal Year 2014 Revised Estimate	Fiscal Year 2015 Estimate	Fiscal Year 2013 Actual	Fiscal Year 2014 Revised Estimate	Fiscal Year 2015 Estimate	Fiscal Year 2013 Actual	Fiscal Year 2014 Revised Estimate	Fiscal Year 2015 Estimate
INCOME TAXES									
Individual	7,691,381	8,042,121	8,550,950				7,691,381	8,042,121	8,550,950
Corporations	818,221	716,800	783,185	133,871	208,650	227,973	952,092	925,450	1,011,158
Total	8,509,602	8,758,921	9,334,135	133,871	208,650	227,973	8,643,473	8,967,571	9,562,108
SALES AND USE TAXES	4,067,791	4,150,681	4,365,203	46,505	64,193	70,509	4,114,296	4,214,874	4,435,712
STATE LOTTERY RECEIPTS									
Lottery Games	525,989	501,094	502,689	73,965	77,272	76,728	599,954	578,366	579,417
Casinos				384,540	451,827	540,791	384,540	451,827	540,791
Total	525,989	501,094	502,689	458,504	529,099	617,519	984,493	1,030,193	1,120,208
TRANSPORTATION REVENUES									
Motor Vehicle Fuel Tax	13,000	5,000	5,000	739,387	734,700	743,400	752,387	739,700	748,400
Motor Vehicle Licenses, Fees				715,433	854,938	928,927	715,433	854,938	928,927
Motor Vehicle Titling Tax				684,655	728,000	775,000	684,655	728,000	775,000
Maryland Transit Fees				138,400	141,000	154,000	138,400	141,000	154,000
Maryland Port Fees				49,300	48,000	45,000	49,300	48,000	45,000
Maryland Aviation Fees				219,757	207,000	211,000	219,757	207,000	211,000
Total	13,000	5,000	5,000	2,546,932	2,713,638	2,857,327	2,559,932	2,718,638	2,862,327
OTHER REVENUES									
State Real and Personal Property Tax				730,382	717,037	721,975	730,382	717,037	721,975
Property Transfer Tax		89,199	75,062	140,389	84,101	118,138	140,389	173,300	193,200
Business Franchises and Filing Fees	201,561	211,834	215,409				201,561	211,834	215,409
State Tobacco Tax	415,947	412,973	411,988				415,947	412,973	411,988
Tax on Insurance Companies	303,756	310,112	317,883				303,756	310,112	317,883
Alcoholic Beverages Excises	31,162	30,859	31,383				31,162	30,859	31,383
Estate & Inheritance Taxes	234,615	203,290	224,279				234,615	203,290	224,279
Clerks of the Court	38,546	48,000	49,811				38,546	48,000	49,811
District Courts	75,476	80,748	75,813				75,476	80,748	75,813
Hospital Patient Recoveries	64,461	56,918	57,416				64,461	56,918	57,416
Interest on Investments	14,508	15,000	20,361					--- See Notes ---	
Miscellaneous Fees, Other Receipts	371,113	355,933	318,912						
Total	1,751,145	1,814,866	1,798,317						
Total Current Revenues	14,867,527	15,230,562	16,005,344					--- See Notes ---	
Extraordinary Revenues[1]	17,483								
GRAND TOTAL	14,885,010	15,230,562	16,005,344		--- See Notes ---				

[1] Extraordinary revenues include a GAAP transfer of $17.5 million in fiscal year 2013.

Notes: Includes all general fund revenues, all Transportation revenues and selected special fund taxes. In conjunction with Appendix B of the Fiscal Year 2014 Budget Book, this table will comprise the official estimate of total state revenues.

Table 4

Maryland General and Budget Restoration Fund Revenues

Fiscal Years 2013 - 2015

$ Thousands	FY 2013 Actual	FY 2014 September Estimate	FY 2014 December Estimate	FY 2014 Difference	FY 2014 Growth	FY 2015 September Estimate	FY 2015 December Estimate	FY 2015 Difference	FY 2015 Growth
INCOME TAXES:									
Individual	7,691,381	8,072,825	8,042,121	(30,704)	4.6%	8,446,527	8,550,950	104,423	6.3%
Corporation	818,221	755,511	716,800	(38,711)	-12.4%	824,931	783,185	(41,746)	9.3%
Total	8,509,602	8,828,336	8,758,921	(69,415)	2.9%	9,271,458	9,334,135	62,677	6.6%
SALES AND USE TAXES	4,067,791	4,192,543	4,150,681	(41,862)	2.0%	4,352,630	4,365,203	12,573	5.2%
STATE LOTTERY	525,989	508,231	501,094	(7,137)	-4.7%	481,589	502,689	21,100	0.3%
OTHER REVENUES									
Business Franchise Taxes	201,561	197,997	211,834	13,837	5.1%	200,933	215,409	14,476	1.7%
Tax on Insurance Companies	303,756	297,309	310,112	12,803	2.1%	293,606	317,883	24,277	2.5%
Estate and Inheritance Taxes	234,615	227,056	203,290	(23,766)	-13.4%	230,549	224,279	(6,270)	10.3%
Tobacco Tax	415,947	409,406	412,973	3,567	-0.7%	408,459	411,988	3,529	-0.2%
Alcoholic Beverages Excise Tax	31,162	31,472	30,859	(613)	-1.0%	31,999	31,383	(616)	1.7%
Motor Vehicle Fuel Tax	13,000	5,000	5,000	0	-61.5%	5,000	5,000	0	0.0%
District Courts	75,476	75,862	80,748	4,886	7.0%	75,813	75,813	0	-6.1%
Clerks of the Court	38,546	39,330	48,000	8,670	24.5%	40,960	49,811	8,851	3.8%
Hospital Patient Recoveries	64,461	60,076	56,918	(3,158)	-11.7%	51,076	57,416	6,340	0.9%
Interest on Investments	14,508	15,000	15,000	0	3.4%	20,361	20,361	0	35.7%
Miscellaneous	371,113	355,542	355,933	391	-4.1%	322,168	318,912	(3,256)	-10.4%
Total	1,764,145	1,714,049	1,730,667	16,618	-1.9%	1,680,922	1,728,255	47,333	-0.1%
Total Current Revenues	14,867,527	15,243,158	15,141,363	(101,795)	1.8%	15,786,599	15,930,282	143,683	5.2%
Extraordinary Revenues[1]	17,483	0	0	0	-100.0%	0	0	0	
Transfer Tax Revenues[2]	0	89,199	89,199	0		75,062	75,062	0	-15.8%
GRAND TOTAL	14,885,010	15,332,357	15,230,562	(101,795)	2.3%	15,861,661	16,005,344	143,683	5.1%

[1] Extraordinary revenues include a GAAP transfer of $17.5 million in fiscal year 2013.

[2] Chapter 425 of the 2013 Legislative Session directs a portion of transfer tax revenues to the general fund: $89.2 million in fiscal year 2014 and $75.1 million in fiscal year 2015 .

Individual Income Tax

General fund income tax collections surged to $7.691 billion in fiscal year 2013, growth of 8.1% from the prior year and marking the third consecutive post-recession year of increased receipts. The bulk of the surge is attributable to the extraordinary circumstances surrounding tax year 2012, most notably the State's retroactive personal income tax changes and the tax planning strategies surrounding prior federal tax policy uncertainty.

The tax changes contributed a significant amount of revenue (an estimated $214 million, $190 million for the State and $24 million for the subdivisions), and because the change was not enacted until half way through 2012, most of the new tax money was likely collected through increased payments with tax return filings, reduced refunds, or some combination of the two. Additionally, as mentioned above, in the fourth quarter of 2012, as the nation staggered toward the proverbial "fiscal cliff," taxpayers hedged against the pending significantly higher federal income tax rates for 2013 with extraordinary income realizations.

However, masked in the aggregate fiscal year 2013 results was significant weakness in income tax withholding, the single largest source of State general fund revenues. The elevated unemployment rate and general weakness in the broader economy put downward pressure on wages and new and current employees have little bargaining power in such a slack labor market. Furthermore, the underlying weakness is enhanced by the fact that employers were withholding at the higher rates for at least the second half of fiscal year 2013.

The forecast for tax year 2013 tells a similar story, wage growth improves but remains tepid for this stage of an economic recovery, though rising asset prices and business incomes drive aggregate taxable income growth. Despite improvements in the labor market, employers maintain a superior position for wage rates; average wages are expected to increase just 0.9% for tax year 2013 and aggregate wage and salary income is estimated to increase 1.9%. Federal furloughs in late 2013 also served to restrain growth.

Though a full analysis of tax year 2012 is not yet possible, estimated payments demonstrate that strong non-wage income was not evident throughout tax year 2012, seeming to surge only in the fourth quarter. Whereas, to this point, tax year 2013 estimated payments have been strong throughout (up 12.1% through the first three quarters); while some of that growth is certainly attributable to higher year-over-year tax rates and safe harbor precautions, strong growth in equity prices and speculative real estate profits serve as the foundation to support continued growth in estimated and final payments and dampened refund growth. Through November, the S&P 500 and Wilshire 5000 indices are up 25.4% and 28.1%, respectively, from their prior year-end closes and both have exceeded pre-recession peaks by 16% and 23%. Through October, as reported by the Maryland Association of Realtors, the number of units transacted has increased 14.6% from the comparable period for the prior year and the median price has increased 5.2%.

The employment situation is expected to improve somewhat substantially in calendar years 2014 and 2015 (growth of 1.5% and 1.8%, respectively) as the federal budget and debt ceiling crises are resolved, the bulk of federal sequester cuts have had their impact, and the national and world economies expand at a more substantial pace than current. As the employment market tightens, average wage growth improves to 2.4% and 3.2% for 2014 and 2015, respectively; aggregate wage growth is estimated at 3.9% and 5.0% for the same periods. Additionally, absent an unaccounted for economic shock, non-wage income is expected to continue to improve as the equity market indices current positions are considered tenable and demographics provide a foundation for enhanced income realizations; the population over 65 is increasing dramatically and it is expected that with improved balance sheets, individuals in this group will be able to retire and recognize income previously sheltered from taxation as well as regular capital gains.

In the aggregate net receipts are expected to increase 5.7% for fiscal year 2014 and 5.0% for fiscal year 2015. General funds increase 4.6% to $8.042 billion and 6.3% to $8.551 billion for fiscal years 2014 and 2015, respectively. Fiscal year 2014 also includes an adjustment that favors the local income tax reserve fund. An annual fiscal year end exercise required by Generally Accepted Accounting Principles found that the account was underfunded by $99.5 million during fiscal year 2013, fiscal year 2014 assumes a conservative local share and corrects for the prior miss. Such adjustments are common in the course of the personal income tax and the estimated liability for subdivisions.

Table 5

Individual Income Tax Revenues

Fiscal Years 2012-2015

($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Gross Receipts (State & Local)				
Withholding	11,102,250	11,345,394	11,752,611	12,297,332
Estimated Payments	1,426,286	1,710,633	1,815,414	1,922,579
Payments with Final Returns	1,308,868	1,625,182	1,852,276	1,946,991
Fiduciary	61,112	93,978	102,395	110,112
Gross Receipts	13,898,517	14,775,188	15,522,696	16,277,014
Refunds	(2,432,917)	(2,370,213)	(2,413,089)	(2,506,001)
Net Receipts (State & Local)	11,465,601	12,404,975	13,109,607	13,771,013
Local Reserve Account	(4,349,304)	(4,712,106)	(5,065,486)	(5,218,063)
Income Tax Check-offs	(1,617)	(1,488)	(2,000)	(2,000)
Net General Fund	7,114,679	7,691,381	8,042,121	8,550,950

Figures may not sum to totals due to rounding.

Corporate Income Tax

General fund corporate income tax revenues increased 26.6% in fiscal year 2013, totaling $812.2 million. Revenues benefitted from the decrease in the distribution percentage to the Transportation Trust fund (TTF). The TTF distribution was changed from 24% for fiscal year 2012 to 9.5% in fiscal year 2013, and increases for fiscal year 2014 to 19.5%. Absent the change in the distribution, general fund corporate income tax revenues increased 8.5% in fiscal year 2013.

Nationally, corporate profits for calendar year 2012 were up 7.0% and are up 4.1% year-to-date in 2013. However, national corporate profits do not necessarily correlate with Maryland taxable corporate income. Reasons for the discrepancy include the apportionment formula national corporations use to determine Maryland profits and varying differences between economic profits and accounting profits.

Estimated payments, which generally account for approximately 70% of corporate income tax receipts, grew 6.6% in fiscal year 2013. Fiscal year 2014 year-to-date estimated payments have decreased 8.8%. However, since many corporations operate on a calendar year basis, it is often best to look from that perspective. Tax year 2012 saw large estimate payments for the first three quarters reflecting the optimism of that time, however, as the economy pulled back in reaction to the fiscal cliff, fourth quarter and final payments decreased substantially. Tax year 2013 saw growth in the first two quarters; however, the third quarter saw a large pullback as political headwinds came into play and the payment was compared to a very significant payment from the prior year. That being said, tax year 2013 year-to-date estimated payments are down 1.2%.

Gross receipts increased 2.4% for fiscal year 2013, increasing for the second consecutive year. However, refunds were down an astounding 23.4%. Therefore, net receipts (after refunds, but before distributions) finished fiscal year 2013 up 8.5%. Fiscal year 2014 year-to-date gross receipts are down 7.8%, and are estimated to finish the year up just 0.8%. Corporate refunds are expected to pick back up in fiscal year 2014, estimated to increase 23.0%. Several legislative changes, most notably the Film Production Tax Credit, have and will continue to increase corporate refunds going forward. Finally, the increase in the TTF distribution will also detract from general fund corporate income tax growth in fiscal year 2014. The combination of these factors is estimated to decrease net receipts 2.8% in fiscal year 2014.

Table 6
Corporate Income Tax Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Gross Receipts	1,082,470	1,108,754	1,118,102	1,202,943
Refunds	(204,537)	(156,662)	(192,652)	(191,785)
Net Receipts	877,933	952,092	925,450	1,011,158
Transportation Trust Fund	(178,782)	(57,126)	(153,123)	(167,304)
Higher Education Investment Fund	(52,676)	(76,746)	(55,527)	(60,670)
Net General Fund	646,475	818,221	716,800	783,185

Figures may not sum to totals due to rounding.

Sales and Use Taxes

As the second largest source of general fund revenues, sales and use taxes made up 27.3% of ongoing general fund revenues in fiscal year 2013. Revenues increased just 0.7% in fiscal year 2013 after a large increase of 10.5% in fiscal year 2012. However, fiscal year 2012 was heightened by the increase in the sales and use tax rate on alcoholic beverages from 6% to 9% as well as the elimination of the 5.3% distribution of revenues to the transportation trust fund. For a more telling comparison of the underlying economy, rate-adjusted sales tax receipts were up 2.5% for fiscal year 2012 before slipping to just 1.0% for fiscal year 2013; year-to-date adjusted receipts are up 2.0% thorough November. As the recovery continues and Amazon establishes nexus in Maryland, general fund sales and use tax revenues are anticipated to increase 2.0% in fiscal year 2014 and 5.2% in 2015 (3.8% excluding Amazon).

The largest component of the sales and use tax, the consumer segment, increased 1.1% in fiscal year 2013, below the rate of inflation for the same period. This represents the lowest growth in this segment since 2010. Political uncertainty from Washington, federal budget sequester, federal tax increases, low wage growth and a struggling job market plagued Marylander's discretionary income and propensity to spend. As Maryland's recovery remains mild and year-to-date receipts growth is weak at just 1.4%, consumer spending is projected to reach 2.0% in fiscal year 2014, demonstrative of an improving economy in the back half of this fiscal year.

Fiscal year 2015, however, should be a rebound year, as the improved job market will place upward pressure on wage growth, providing an increase in personal income. This combination will result in the resurgence of consumer spending; additionally, this estimate presumes greater incomes and better job security will allow consumers to satisfy pent-up demand for durable items. In addition, assuming the world and national recoveries proceed as planned, banks should begin to ease credit standards, reviving an important source of taxable spending. Therefore, this combination is predicted to increase consumer receipts 3.6% in fiscal year 2015 (excluding Amazon). Structural shifts in the way consumers purchase taxable goods, most notably online purchases from remote sellers, has served to subtract from taxable growth; however, a significant component of that subtraction should be remedied as Amazon opens a distribution center in Baltimore. There is much uncertainty surrounding the opening of Amazon's facility, though this estimate assumes nexus is in place for all of fiscal year 2015 and forward, pushing fiscal 2015 growth to 5.4%.

The construction industry has been a bright spot in what has been a lackluster year. As the second largest component of sales and use tax receipts, construction receipts were the strongest sales tax component in fiscal year 2013, growing 3.1%. This growth represents the third consecutive year of growth, a welcome trend which, barring another housing market shock, should prove sustainable for the near future. The construction industry has benefitted from historically low mortgage interest rates and pent-up household demand. Year-to-date construction gross receipts are up 8.9% and are expected to decelerate just a bit to a very healthy 7.7% for fiscal year 2014. However, as quantitative easing winds down and interest rates are expected to rise, construction receipts growth is likely to slow to 6.1% for fiscal year 2015.

Capital goods receipts declined for the second straight year, falling 2.7% in fiscal year 2013. Political uncertainty has subdued business capital investments, and capital goods receipts are expected to decline in fiscal year 2014. However, as political uncertainty is minimized in the future, and banks ease lending standards, capital investments should turn around and capital goods receipts are expected to grow in fiscal year 2015. It is also worth mentioning that federal stimulus measures that provided accelerated depreciation for certain capital equipment may have served to pull capital investment forward, further impacting this period of extraordinary business investment uncertainty.

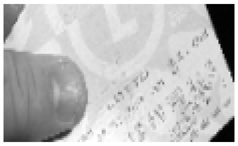
The utility sector is comprised of communications related sales and electricity sales to businesses. While communications equipment and services are taxable, cellular data plans are not. However, communications receipts grew for the first time since 2009, growing 2.7%. After decreasing 3.6% in fiscal year 2012, the electricity side of utilities grew 0.5% in fiscal year 2013. As the economic recovery continues, the demand for electricity is expected to increase, increasing the electricity side of utilities to 4.1% in fiscal year 2014. Combined, the utility receipts grew for the first time since 2009, posting growth of 1.8%. Growth in the utility sector is expected to increase to 3.5% in fiscal year 2014 and 3.9% in fiscal year 2015.

Additionally, it should be noted that the segments described above are becoming less descriptive each year. Most goods which were once sold at specialty stores are now sold at general retailers, leading the sale of the same good to be attributed to different segments. For example, cell phones which were once largely sold only through communications carriers and recognized in the communications segment are just as likely to be purchased in a general merchandise store, shifting those sales to the consumer segment.

Table 7
Sales and Use Tax Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Consumer	2,894,909	2,927,692	2,986,338	3,147,857
Construction	512,889	528,869	569,736	604,755
Capital Goods	305,631	297,422	281,140	290,526
Utilities	360,824	366,617	379,565	394,524
Gross Collections	4,074,254	4,120,599	4,216,778	4,437,663
Assessments	16,627	7,783	12,534	12,847
Refunds	(14,301)	(14,086)	(14,438)	(14,799)
Transportation Trust Fund	(23,581)	(25,462)	(31,828)	(33,101)
Other	(13,651)	(21,043)	(32,365)	(37,408)
Total General Fund	4,039,348	4,067,791	4,150,681	4,365,203

Figures may not sum to totals due to rounding.



Lottery

General fund lottery collections decreased 1.9% to $526 million in fiscal year 2013. Sales dropped 2.2% compared to a 1.9% drop in revenues, due to a slight decrease in payouts – to the benefit of the State. The decrease in sales represents the first decrease since 1997. While we cannot be certain, our estimates presume that in the absence of Maryland Live! Casino, traditional lottery sales would have increased. The cannibalization of traditional lottery sales by casinos is well documented throughout the nation and Maryland is no exception; the casinos impact our sales outlook throughout the forecast as well, with the Horseshoe Casino Baltimore having a significant impact in fiscal year 2015.

Accounting for 29% of sales, numbers games – which include Pick 3 and Pick 4 – declined 1.3% in fiscal year 2013. Although Pick 3 sales continued to decrease, the drop in revenues was exacerbated by the increased payout ratio in fiscal year 2013. Pick 3 payouts increased by 5.8% to 49.21%, resulting in revenues decreasing 10.3%. Payouts for Pick 4 declined by 8.1%, resulting in a greater increase in revenue compared to sales, with revenues increasing 10.3% and sales increasing 0.8%. In the aggregate, general fund revenues for number games decreased 0.2% in fiscal year 2013. Revenues from number games are estimated to continue to decline in fiscal years 2014 and 2015.

Jackpot games, which include Mulitmatch, Match 5, Mega Millions, and Powerball, accounted for 14% of total lottery sales and 22% of revenues before distribution in fiscal year 2013. The multi-state lottery games (Mega Millions and Powerball) continue to demonstrate year over year growth in both sales and revenues. Sales and revenues for Mega Millions decreased 35.9% and 35.2%, respectively. Much of the decline can be attributed to the historic $640 million Mega Millions jackpot that occurred in March 2012 (FY 2012). The large drop in Mega Millions was more than offset by the extraordinary increase in both sales and revenues for Powerball; 58.5% and 52.0%, respectively. In April 2013 Powerball expanded to California (with over 12% of the US population) – this coupled with ticket prices increasing to $2 in fiscal year 2012 gives rise to larger and more frequent jackpots. In fiscal year 2013, Powerball sales were aided by two extremely large jackpots, including a $600 million jackpot in May 2013. Combined, jackpot games saw sales and revenue growth of 2.4% and 1.7% in fiscal year 2013. While Mulitmatch and Match 5 revenues and sales are expected to decline in fiscal year 2014 and 2015, Mega Millions and Powerball are forecast to increase.

Sales and revenues for monitor games, which include Keno, RaceTrax, and several related bonus games, decreased 5.4% and 6.3% in fiscal year 2013, respectively. In spite of an astonishing 11% drop in sales in Keno (the State's second largest game), RaceTrax sales continued to increase with growth of 10.8%. In total, monitor game revenues decreased 6.3% and are expected to continue to decline in fiscal year 2014 before picking up in fiscal year 2015.

Instant ticket sales, the State's largest game, fell 4.1%, the first decrease in sales since 2010. Due to higher payout ratios (to the detriment of the State) revenues declined 7.2%. While studies are still being conducted, there appears to be a direct correlation between decreased sales and casino location proximity. Anecdotal evidence has provided reason to believe that instant ticket sales have a significant negative correlation with the opening of Maryland casinos.

Looking forward lottery sales are expected to decline 0.9% in fiscal year 2014 before growing 1.3% in fiscal year 2015. Net general fund revenues are expected to decline 4.4% before increasing 0.3% in 2015. In addition, the opening of the Horseshoe Casino in Baltimore coupled with an increase in agent fees is expected to impact lottery revenues in fiscal year 2015.

Table 8

Lottery Sales and Revenues by Game

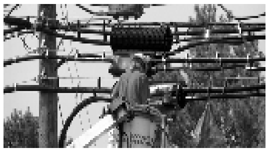
Fiscal years 2012-2015

($in millions)

	Sales				Revenues			
	2012	2013	2014	2015	2012	2013	2014	2015
	Actual	Actual	Estimate	Estimate	Actual	Actual	Estimate	Estimate
Pick 3	254.6	245.5	242.5	236.9	113.4	101.4	96.6	95.9
Pick 4	265.5	267.8	272.8	278.5	108.7	119.6	115.0	115.2
Multimatch	30.7	28.8	25.6	24.7	11.2	10.4	9.1	8.7
Instant/5 Card Cash	506.8	497.0	487.1	491.4	88.7	86.7	83.3	81.3
Keno/Racetrax	521.7	493.6	479.2	488.0	142.2	132.7	121.3	123.6
Bonus Match 5	21.9	21.1	20.1	19.6	7.8	7.2	6.6	6.4
Mega Millions/Powerball	193.7	202.4	213.5	224.2	84.2	87.2	89.3	91.6
Total	1,794.9	1,756.1	1,740.8	1,763.3	556.3	545.2	521.1	522.7
Less: Stadium Authority Revenue					(20.0)	(19.3)	(20.0)	(20.0)
General Fund Revenue					536.3	526.0	501.1	502.7

Figues may not sum to totals due to rounding.

Note: Special fund revenues (the Lottery Agency's operating expenses) of $54.7 million in 2013 are not included in this table; these revenues, generally proportional to sales by game, are expected to be $57.3 million in 2014 and $56.7 million in 2015.



Business Franchise Taxes

Business franchise tax revenues are derived from two revenues sources. First, a franchise tax is levied on gas, electric, and telephone companies based on the utility company's amount of gross receipts. Second, all corporate and non-corporate entities doing business in Maryland are required to pay a filing fee annually. Combined, business franchise taxes decreased 2.7% in fiscal year 2013.

Gross receipts from gas, electric, and telephone utility companies decreased 2.9% in fiscal year 2013. Natural gas is taxed at a rate of 0.402 cents per therm, electricity is taxed at 0.062 cents per kilowatt hour in addition to a 2.0% tax on distribution, and landline telephone service is taxed at 2.0%. In fiscal year 2013, gas and electric companies' gross receipts decreased 3.8% while telephone companies' gross receipts continued the long sharp downward trend declining 5.1%. Looking forward, total gross receipts are expected to increase 3.1% in fiscal years 2014, as telephone companies will see their first positive growth since fiscal year 2007. However, fiscal year 2015 is estimated to increase just1.2% as telephone companies return to their downward trend.

Filing fees, generally $300 per year for most business entities in Maryland decreased 2.5% in fiscal year 2013, ending the long term positive trend. However, the 2013 decrease seems directly attributable to a timing issue; several millions of dollars that would normally have been recognized in fiscal year 2013 were instead recognized at the beginning of fiscal year 2014. An adjustment for the timing discrepancy drives much of the growth in fiscal year 2014 and a more regular rate is assumed, 2.5%, for fiscal year 2015.

As the economy continues to recover, business franchise taxes will reverse its two-year decline. The combination of both franchise taxes and filling fees increasing will cause business franchise taxes to increase 5.1% in fiscal year 2014 and 1.7% in fiscal year 2015.

Table 9
Business Franchise Tax Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Public Service Company Franchise Tax	127,106	123,465	127,331	128,793
Filing Fees	80,089	78,096	84,503	86,615
Net General Fund	207,194	201,561	211,834	215,409

Insurance Premium Tax

Insurance premiums are taxed at a rate of 2%. Collections for fiscal year 2013 declined 0.1%, the first decline since fiscal year 2009, in the depths of the recession. However, it does seem that there was a timing issue in fiscal year 2013 that served to push $4.5 million into fiscal year 2014. Adjusting for the difference, growth in fiscal year 2013 would have been 0.8%, not strong, but not a decrease.

The forecast conveys baseline growth that brings the premium tax back to trend growth, growing 3.1% in both fiscal year 2014 and 2015. Fiscal years 2014 and 2015 include the recognition of the Invest Maryland Credit, $10 million in fiscal year 2014 and $20 million in fiscal year 2015; $100 million in total credits were auctioned off and are expected to be claimed between fiscal years 2014 and 2019.

Also impacting the outlook, and generating uncertainty, is the impact that the Affordable Care Act will have on premiums. The current estimate is based on research from the Hilltop Institute at the University of Maryland, Baltimore County. The number of newly enrolled individuals and whether they purchase private insurance, and the impact the Act has on premiums in general could have a significant impact on revenue. An additional $4.8 million in premium revenue is expected as a result of the Act in fiscal year 2014 and $25.8 million is expected for fiscal year 2015. In fiscal year 2015 there is also a $13.0 million distribution to fund the Maryland Health Benefit Exchange; the distribution is set to increase in the later years.

After adjusting the baseline for all of the above mentioned changes and the extra $4.5 million, revenues are set to increase 2.1% to $310.1 million in fiscal year 2014 and 2.5% in fiscal year 2015.

Table 10
Insurance Premium Tax Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Premium Tax	304,022	303,756	310,112	317,883

Estate and Inheritance Taxes

Estate and inheritance tax revenues are inherently volatile, as by definition they are determined by the number of deaths each year and wealth of the decedents. Additionally, in recent years, unusually high volatility in the value of stocks, real estate, and other assets have furthered dramatic year-over-year changes. State and federal law changes can also play a role in the volatility, although Maryland's estate tax is decoupled from most of the recent changes in the federal estate tax.

In general, for fiscal year 2013 assets were up as the stock market somewhat rebounded and real estate improved, leading to higher taxable estates for decedents. For fiscal year 2013, large estates – those making payments of $1 million or more – generated $84.4 million in revenue, up almost 200% over fiscal year 2012. The average size of these estates increased from $1.8 million to $2.8 million in fiscal year 2013. Conversely, revenues from mid-sized estates, those making payments from $500,000 to $1 million, fell by 36.7% to $16.6 million, with some of the decline likely attributable to some estates moving into the higher wealth category.

In the aggregate, the estate tax is down compared to the prior year, driven largely by a decrease in the number and value of the large estates. Through the first five months of fiscal year 2014, 7 estates made payments over $1 million with an average value of $2.0 million compared to 12 estates with average values of $2.7 million in fiscal year 2013. As a result, estate tax revenues are forecast to decline 16% in fiscal year 2014. The fundamental outlook for the estate tax supports strong projections as the population over 65 grows and their asset values continues to increase (while the $1 million exemption remains steady), though volatility for the obvious reasons will not secede. The forecast for fiscal years 2014 and 2015 incorporates adjustments to recent legislation, including the Family Farm Preservation Act of 2012 and the 2013 Estate Tax Martial Deduction affecting same-sex partners.

The collateral inheritance tax, a 10% tax applied to bequests to anyone aside from lineal relatives and siblings of the decedents, comprises almost all of the total inheritance tax revenue. Year to date revenues are down $1.3 million (6.8%). Total estate and inheritance tax revenues are forecast to decline 13.4 % in fiscal year 2014 before increasing 10.3% in fiscal year 2015.

Table 11

Estate and Inheritance Tax Revenues

Fiscal Years 2012-2015

($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Collateral Inheritance Tax	51,500	52,733	50,430	51,155
Direct Inheritance Tax	158	128	150	150
Estate Tax	145,240	181,754	152,710	172,974
Total	196,897	234,615	203,290	224,279

Alcohol and Tobacco Excise Taxes

Tobacco taxes grew 1.1% in fiscal year 2013, largely attributable to the increased excise tax rate on the wholesale price for most other tobacco products. Effective July 1, 2012, the tax rate for other tobacco products increased from 15% to 70% for non-premium cigars and to 30% for all other tobacco products; the rate for premium cigars— remained unchanged at 15%. As a result of the higher rates, retailers were required to remit a "floor tax" on all other tobacco in stock on that date. Including the floor tax ($2.3 million), collections for other tobacco products increased 224% to more than $40 million. The more significant portion of the tobacco tax, stamp sales from cigarettes ($2 per pack), declined at a greater rate than in any other year absent a tax rate change.

While the cause for the extraordinary stamp sale decline is uncertain, it seems highly likely that the decrease is attributable to a major shift in the tobacco market – the consumer adoption of electronic cigarettes. Such cigarettes, which may or may not contain nicotine and are not stamped, have recently risen in popularity; the Center for Disease Control estimates that 21% of adults who smoke cigarettes have tried electronic cigarettes. The advent of electronic cigarettes also supplies another cessation tool.

With cigarettes stamp sales down 0.6% through the first five months of the fiscal year (a rather normal trend for a year with no tax rate change) and a continued decline projected, revenues from the cigarette tax are expected to decrease 0.3% in fiscal year 2014 and a further 0.5% in fiscal year 2015. Subtracting from fiscal year 2014 growth for the other tobacco products is the absence of a floor tax this year. Total tobacco taxes are expected to decrease 0.7% to $413.0 million and 0.2% to $412 million in fiscal years 2014 and 2015, respectively.

Alcoholic beverage tax revenues, a tax on volume at the wholesale level, increased 0.5% in fiscal year 2013, led by the 2.1% increase in revenues from the tax on wine. Revenues from the tax on beer decreased 1.5%, likely a result of reduced demand from higher prices, driven by increasing costs of inputs, and a consumer shift towards craft beer (higher pricing and less volume). The trend has carried into fiscal year 2014. Despite declining 0.8% in fiscal year 2013, modest growth of 1.5% is expected in receipts from the tax on distilled spirits as consumer preference has recently been shifting towards a preference for specialty infused liquors. In the aggregate, total taxes on alcohol beverages are forecast to decrease 1.0% to $30.9 million in fiscal year 2014 before rebounding 1.7% to $31.4 million in fiscal year 2015.

Table 12
Excise Tax Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Cigarette Tax	398,623	398,623	373,428	371,454
Other Tobacco Products Tax	12,804	12,804	39,545	40,534
Total Tobacco Taxes	411,427	411,427	412,973	411,988
Distilled Spirits Tax	15,970	15,836	16,121	16,446
Wine Tax	6,009	6,136	6,123	6,315
Beer Tax	9,030	8,895	8,317	8,321
Miscellaneous licenses		295	298	301
Total Alcoholic Beverages Tax	31,009	31,162	30,859	31,383

Figures may not sum to totals due to rounding.

Hospital Patient Recoveries

The general fund receives a substantial amount of revenues each year from a number of fees and other non-tax revenue sources. As in past years, the majority of this revenue is from unclaimed property and uninsured motorist penalties, and in recent years, the addition of the federal retiree drug subsidy. Revenues for fiscal year 2013 were up 7.7%, predominantly due to unclaimed property. The additional money – a onetime boost – was a result of insurance company audits conducted by a third-party contractor. Excluding the extraordinary revenue from unclaimed property, miscellaneous revenues remained flat, increasing less than 1% for fiscal year 2013. After significantly decreasing for a few consecutive years in a row due to a change in policies allowing insurance companies to back-date insurance up to 60 days, uninsured motorist penalty fees appeared to have leveled out and grew 3%.

As the State recently changed prescription drug coverage plans, the impact to the general fund is shifted partly from fiscal year 2015 to fiscal year 2014.
After rebounding in fiscal year 2013, miscellaneous revenues are forecast to decline 5.8% in fiscal year 2014 and 5.3% in fiscal year 2015. The decline of the latter is largely based on actuarial assumptions relating to the State's subsidy of Medicare Part D Prescription Program.

Table 13
Hospital Patient Recoveries
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Medicaid	31,780	21,142	20,428	21,013
Medicare	4,751	10,052	5,987	6,038
Insurance and Sponsors	4,066	4,901	5,072	4,934
	40,598	36,096	31,487	31,984
Disproportionate Share	25,787	28,366	25,431	25,431
Total	66,635	64,461	56,918	57,416

Figures may not sum to totals due to rounding.

Court Revenues

Generated largely from court fees and traffic fines, revenues from the District Court of Maryland are largely dependent upon the rate of contested citations, enforcement activities, weather, and the fees and fines actually imposed. While the 20-year average growth rate for District Court revenues is 1.2%, revenues have decreased each year since 2008. Fiscal year 2013 continued the downward trend resulting in revenues decreasing by 4.9% from fiscal year 2012, the largest decline since 2008. Much of the boost in fiscal year 2014 is directly related to legislation enacted during the 2013 legislative session. Chapter 179 prohibits any person age 16 or older from being a passenger in the rear seat of a motor vehicle unless restrained by a seat belt and the seat belt violation increased from $25 to $50. Additionally, the use of a cell phone while driving was categorized as a primary offense. The fiscal year 2015 estimate is the result of drivers' acclimation to the law changes.

General fund revenue generated from the clerks of the court is derived largely from recordation-related activity. After declining for five consecutive fiscal years as the State's housing market struggled, clerks of circuit courts revenue increased dramatically in fiscal year 2012, though largely as the result of an accounting adjustment. The increase for 2013 was more sustainable, directly related to an increase in home refinancing and purchases. An extended period of historically low interest rates and expectations for higher rates in the very near future, as well as increased home affordability have driven both types of real estate transactions. While the market for refinancing is expected to have dried up, as those that could refinance did, strength in home sales is expected to drive significant growth for fiscal year 2014, up 24.5%, before slowing to 3.8% for fiscal year 2015.

Table 14
General Fund Court Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
District Courts	79,395	75,476	80,748	75,813
Clerks of the Court	35,139	38,546	48,000	49,811

Interest Earnings

Interest on investments decreased in fiscal year 2013 as interest rates continued to decline. The current forecast for three-month Treasury bill rates calls for interest rates of just 0.05% in fiscal year 2014. The forecast does not have interest rates climbing above 1.0% until fiscal year 2016. Low rates, in combination with smaller balances, lead to expected interest earnings of $15 million in fiscal year 2014 and $20.4 million in fiscal year 2015.

Table 15
Interest Earnings
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Interest Earnings	17,918	14,508	15,000	20,361

Miscellaneous Revenues

The general fund receives a substantial amount of revenues each year from a number of fees and other non-tax revenue sources. As in past years, the majority of this revenue is from unclaimed property and uninsured motorist penalties, and in recent years, the addition of the federal retiree drug subsidy. Revenues for fiscal year 2013 were up 7.7%, predominantly due to unclaimed property. The additional money – a onetime boost – was a result of insurance company audits conducted by a third-party contractor. Excluding the extraordinary revenue from unclaimed property, miscellaneous revenues remained flat, increasing less than 1% for fiscal year 2013. After significantly decreasing for a few consecutive years in a row due to a change in policies allowing insurance companies to back-date insurance up to 60 days, uninsured motorist penalty fees appeared to have leveled out and grew 3%.

As the State recently changed prescription drug coverage plans, the impact to the general fund is shifted partly from fiscal year 2015 to fiscal year 2014.

After rebounding in fiscal year 2013, miscellaneous revenues are forecast to decline 5.8% in fiscal year 2014 and 5.3% in fiscal year 2015. The decline of the latter is largely based on actuarial assumptions relating to the State's subsidy of Medicare Part D Prescription Program.

Table 16
Miscellaneous Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Recording, Organization & Capitalization Fees	11,190	11,852	11,900	12,000
Excess Fees of Office	2,962	2,042	1,150	1,162
Unclaimed Property	76,296	90,141	74,000	75,000
Local Income Tax Reimbursement	14,490	13,840	13,443	13,696
Uninsured Motorist Penalty Fees	52,064	53,762	52,000	52,520
State Admissions & Amusement Tax	14,935	8,506	7,830	7,439
Federal Retiree Drug Subsidy	15,250	19,038	30,000	18,600
Tobacco Conversion Program Bond Repayment	3,321	3,325	3,323	3,323
Miscellaneous Revenues and Transfers	753	3,428	403	21
Total	191,260	205,933	194,049	183,760

Miscellaneous Agency Revenues

Agency general fund revenue is comprised of revenue received by those agencies whose primary purpose is not revenue collection, but whose ancillary collections are directed to the general fund. Significant amounts of miscellaneous revenues are submitted by the Office of the Attorney General, Department of Health and Mental Hygiene (DHMH), and Public Education; combined these agencies accounted for 61% of all fiscal year 2013 miscellaneous agency collections. Most other agencies collect small amounts from various fees or penalties. In fiscal year 2013, miscellaneous agency revenues decreased 12.6% largely due to a significant decrease in federal reimbursements to Public Education – prior years were boosted by the American Recovery and Reinvestment Act.

For fiscal years 2014 and 2015, these revenues are expected to decline 2.0% before decreasing 16.5%, respectively. The steep decline in fiscal year 2015 is largely attributable to the transfer of local government employee pension costs from the State to counties.

Table 17
Miscellaneous Agency Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
PSC Fines, Citations and Filing Fees	1,427	156	206	212
Legislature	31	35	33	34
Workers' Compensation	56	55	57	59
Public Defender	1,743	1,964	1,748	1,800
Attorney General	34,192	25,556	26,000	25,900
Executive & Administrative Control	9,273	10,945	7,839	8,074
Financial & Revenue Administration	15,384	11,853	15,240	14,782
Budget & Fiscal Administration	7,937	8,653	10,725	2,200
General Services	77	49	68	70
Natural Resources	2,002	193	174	179
Agriculture	194	121	167	167
Health & Mental Hygiene	34,921	39,502,,	45,841	41,939
Human Resources	4,623	1,068	1,661	1,495
Labor, Licensing & Regulation	12,279	12,168	12,081	12,078
Public Safety & MD State Police	13,515	14,816	17,858	18,477
Public Education	47,375	35,051	18,954	4,427
Housing and Community Development	1,038	535	854	862
Business & Economic Development	492	261	294	295
Environment	943	880	885	902
Juvenile Services	0	92	0	0
Alcoholic Beverage Licenses	1,220	1,228	1,200	1,200
Total	188,723	165,180	161,884	135,151

Table 18
Transportation Revenues
Fiscal Years 2012-2015
($ in thousands)

	2012 Actual	2013 Actual	2014 Revised Estimate	2015 Estimate
Department of Transportation				
Registrations	357,247	362,324	362,300	371,400
Licenses	37,400	46,845	53,400	53,000
Med-Evac Surcharge	51,394	52,594	68,556	69,927
Trauma Physician Services Surcharge	11,683	11,609	11,609	11,841
Miscellaneous Motor Vehicle Fees	172,368	177,956	184,087	189,779
Vehicle Emission Inspection Fees	31,877	31,650	33,836	32,434
Security Interest Filing Fees- Special Funds	10,056	10,658	11,200	11,700
Hauling Fees	10,849	10,352	10,000	10,100
Special License Tags – Special Funds	5,429	5,276	5,300	5,400
Titling Tax	632,356	684,655	728,000	775,000
Sales Tax on-Rental Vehicles	23,581	25,462	31,828	33,101
Special Distribution from Sales Tax				
	1,344,240	1,419,381	1,500,116	1,563,682
Motor Vehicle Fuel Tax	728,686	739,387	734,700	743,400
Road Tax	4,737	4,526	4,600	4,700
Decals & Permits	139	134	0	0
Sales Tax Equivalent		1,298	12,577	22,274
Indexing		211	97,473	146,372
	733,562	745,556	849,350	916,746
Total	2,077,802	2,164,937	2,349,466	2,480,428

Casino Revenues

In 2008, Maryland voters approved the installation of video lottery terminals (VLTs) at five casino locations. In 2012, Maryland voters expanded gambling by legalizing table games at Maryland casinos. Additionally, the legislation also approved a sixth casino location. Currently, four casinos; Hollywood Casino, Ocean Downs Racetrack, Maryland Live, and Rocky Gap are all operational. However, a fifth casino, Horseshoe Casino in Baltimore, is expected to open in mid-2014. Two years after the opening of the Horseshow Casino the sixth location is expected to open in Prince George's County.

In fiscal year 2013 four casinos had VLTs operational. Additionally, fiscal year 2013 was Maryland Live's, Maryland's largest casino, first full operational year as well as the first few months of Rocky Gap's operations. Casino revenue from VLTs increased 188% in fiscal year 2013 totaling $560.3 million. Although no new facility is scheduled to open in fiscal 2014, VLT revenues are projected to increase 10.1% totaling $616.7 million. However, in fiscal year 2015, when Horseshoe Casino in Baltimore is scheduled to open, VLT revenues are projected to increase by 23.1%, totaling $759.4 million.

Operating in three casinos, table games in Maryland have surpassed expectations since their legalization in 2012. Table games recorded four months of revenues in fiscal year 2013, ending the year totaling $48.0 million. Year-to-date (through November) table game revenues total $90.7 million and are expected to finish the year totaling $236.8 million. As Horseshow Baltimore is expected to have table games, table games are expected to get a boost in fiscal year 2015 with revenues equaling $326.4 million.

As gambling continues to expand, state revenues from both video lottery terminals and table games are expected to increase. Casino revenues totaled $608.3 million in fiscal year 2013 and are expected to grow 39% in fiscal 2014 as table games are operational for a full year. Fiscal year 2015 revenues are expected to increase 28.4% to $1.09 billion as Horseshoe Baltimore opens.

Table 19

Casino Revenues

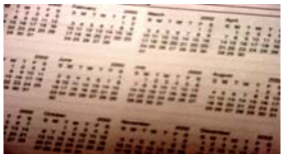
Fiscal Years 2012 - 2015

($ in millions)

	Video Lottery Terminals			
	FY 2012	FY 2013	FY 2014E	FY 2015E
Education Trust Fund	94.3	274.7	296.9	351.7
Casino Operators	64.2	185.4	212.2	283.9
Local Impact Grants	10.7	30.7	33.4	40.7
Small, Minority, and Women-owned Businesses	2.9	8.4	9.1	11.1
Purse Dedication	13.6	39.1	42.3	51.5
Race Tracks Facility Renewal Account	4.9	10.8	10.4	7.2
State Lottery Agency	3.9	11.2	12.3	13.3
Total	**194.5**	**560.3**	**616.7**	**759.4**

	Table Games			
	FY 2012	FY 2013	FY 2014E	FY 2015E
Education Trust Fund		9.6	47.4	65.3
Casino Operators		38.4	189.4	261.1
Total		**48.0**	**236.8**	**326.4**

	Total			
	FY 2012	FY 2013	FY 2014E	FY 2015E
Education Trust Fund	94.3	284.3	344.3	417.0
Casino Operators	64.2	223.8	401.6	545.0
Local Impact Grants	10.7	30.7	33.4	40.7
Small, Minority, and Women-owned Businesses	2.9	8.4	9.1	11.1
Purse Dedication	13.6	39.1	42.3	51.5
Race Tracks Facility Renewal Account	4.9	10.8	10.4	7.2
State Lottery Agency	3.9	11.2	12.3	13.3
Total	**194.5**	**608.3**	**853.4**	**1,085.8**



Five Year Forecast

These estimates are based on current economic outlooks for the U.S. and Maryland economies and incorporate recent legislative changes. General fund growth is muted for fiscal year 2014, growing just 2.3% as the broader economic situation remains precarious, though positive momentum builds in the second half of the fiscal year. Fiscal year 2015 grows at a quicker clip as the federal budget and debt ceiling crises are resolved, the bulk of federal sequester cuts have had their impact, and the national and world economies expand at a more substantial pace than current. Growth in the subsequent years (adjusted for distribution differences detailed below) displays growth better than 4.0% in each year, a significant improvement for ongoing revenues from the recessionary period and the recovery to date, though somewhat less than what may be considered “normal” pre-recession growth rates as our economic forecast does not include any sort of speculative bubble.

Several distributions to the general fund change throughout this forecast, most notably the general fund share of corporate income tax collections (85.9% for fiscal year 2013, 77.5% for fiscal years 2014 through 2016, and then 79.4% for fiscal 2017 and beyond) and the statutorily set distributions of transfer tax revenues for fiscal years 2014 through 2018. Adjusting for these changes, total current general fund revenues grow at an annual rate of 4.3% from fiscal years 2013 to 2019.

The income tax should become less volatile as wages, and hence income tax withholding, improve in fiscal year 2015 and beyond. The sales tax receives a significant bump in fiscal year 2015 and beyond as Amazon’s Baltimore facility establishes nexus with the State, baseline receipt growth better demonstrates the underlying recovery for taxable consumer spending – 3.9% for 2015, 4.9% and 4.2% for 2016 and 2017, respectively, as pent-up household formation takes hold, and then 3.7% for 2018 and 3.4% for 2019. General fund lottery receipts vary somewhat throughout the forecast as they are significantly impacted from the opening of the casinos. Miscellaneous revenues see a structural change in magnitude beginning in fiscal year 2015 as the reimbursement for certain pension costs are foregone with the transfer of those pension costs from the State to the subdivisions.

Table 20

Long Term Economic Forecast

Primary Indicators

Calendar Year		2011	2012	2013	2014	2015	2016	2017
US Real GDP ($ billion, chained)		15,052	15,471	15,728	16,116	16,619	17,161	17,689
		1.8%	*2.8%*	*1.7%*	*2.5%*	*3.1%*	*3.3%*	*3.1%*
US Total Non-Farm Employment (thousands)		131,500	133,737	135,915	138,087	140,540	143,198	145,498
		1.2%	*1.7%*	*1.6%*	*1.6%*	*1.8%*	*1.9%*	*1.6%*
US Personal Income ($ billion)		13,191	13,744	14,133	14,783	15,494	16,307	17,194
		6.1%	*4.2%*	*2.8%*	*4.6%*	*4.8%*	*5.2%*	*5.4%*
Consumer Price Index (% Δ)		*3.1%*	*2.1%*	*1.4%*	*1.4%*	*1.7%*	*1.9%*	*1.9%*
US 10-Year Treasury Bond Yield		2.8%	1.8%	2.3%	2.9%	3.2%	3.8%	4.5%
MD Total Non-Farm Employment (thousands)		2,543	2,575	2,598	2,637	2,686	2,733	2,768
		5.6%	*3.5%*	*0.9%*	*1.5%*	*1.8%*	*1.8%*	*1.3%*
MD Total Personal Income ($ million)		306,001	316,682	322,782	337,477	354,825	373,437	391,397
		5.6%	*3.5%*	*1.9%*	*4.6%*	*5.1%*	*5.2%*	*4.8%*

Source: Board of Revenue Estimates and Global Insight (December 2013 Forecast)

Table 21
Maryland General Fund Revenues
Fiscal Years 2013- 2019
($ in thousands)

	2013 Actual	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate
Income Taxes							
Individual	7,691,381	8,042,121	8,550,950	9,041,230	9,545,204	10,051,876	10,566,888
Corporation	818,221	716,800	783,185	822,346	899,108	923,392	962,835
TOTAL	8,509,602	8,758,921	9,334,135	9,863,576	10,444,312	10,975,268	11,529,723
Sales and Use Taxes	4,067,791	4,150,681	4,365,203	4,585,023	4,786,013	4,968,084	5,137,913
State Lottery	525,989	501,094	502,689	489,019	495,882	507,756	522,852
Franchise, Excise, License, Fee	1,764,145	1,819,866	1,803,317	1,825,573	1,832,724	1,887,998	1,845,945
TOTAL GENERAL FUND REVENUES	14,867,527	15,230,562	16,005,344	16,763,191	17,558,931	18,339,106	19,036,433

Notes:
Figures may not sum to totals due to rounding.
Totals do not include extraordinary revenues.