

REPORT OF THE
MARYLAND BOARD OF REVENUE ESTIMATES
ON

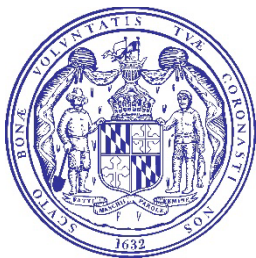
The seal of the Maryland Board of Revenue Estimates is circular and features a central shield with a figure holding a scale and a sword. The shield is surrounded by a wreath and the Latin motto "VOLUNTATIS • TAE • CORONASTI". The year "1632" is inscribed at the bottom of the seal. The text "ESTIMATED MARYLAND REVENUES" is overlaid in large, white, serif capital letters across the seal.

ESTIMATED
MARYLAND
REVENUES

FISCAL YEARS ENDING JUNE 30, 2023 AND JUNE 30, 2024

SUBMITTED TO
LARRY HOGAN
GOVERNOR

DECEMBER 15, 2022



State of Maryland Board of Revenue Estimates

Louis L. Goldstein Treasury Building, P.O. Box 466
Annapolis, Maryland 21404-0466
E-mail: bre@marylandtaxes.gov

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Hon. Peter Franchot
State Comptroller

Dereck E. Davis
State Treasurer

David R. Brinkley
Secretary, Department of
Budget and Management

Executive Secretary:
Robert J. Rehrmann
Director, Bureau of
Revenue Estimates

December 15, 2022

Honorable Lawrence J. Hogan Jr.
Governor, State of Maryland
State House
Annapolis, MD 21401

Dear Governor Hogan:

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, 2023 and June 30, 2024, 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, Chairman

Dereck E. Davis

David R. Brinkley

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Toll free: 1-800-552-3941 • For the hearing impaired: Maryland Relay 711 • TTY 410-260-7157 • EOE

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Executive Summary

The Board of Revenue Estimates submits revised general fund revenue estimates of \$23.739 billion for Fiscal Year (FY) 2023 and \$25.090 billion for FY 2024. The FY 2023 revision represents an increase of \$55.8 million from the September 2022 estimate while the FY 2024 revision represents a decrease of \$166.8 million. The December estimate reflects a minor adjustment compared to the September estimate, which had a more substantial revision.

Economic Fundamentals

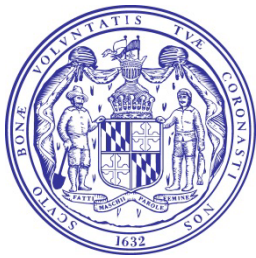
In short, following a rapid recovery from the COVID-19 recession, due largely to government stimulus efforts, economic growth is slowing but still elevated. The Federal Reserve (the Fed) is attempting to slow economic growth in order to reduce inflation. The risk of a recession is always elevated when the Fed is in a tightening cycle. There is the risk that the Fed does too little, allowing inflation to persist, and the risk that the Fed does too much, tipping the economy into a recession. To date growth has not slowed enough to accomplish the Fed's goals.

We expect growth to gradually slow in the near-term until growth reaches a longer-term trend. We expect this trend rate of growth to be marginally higher than was the norm in the last expansion.

Non-Wage Income

Non-wage income grew at a rapid pace over the course of the pandemic. In tax year 2021 we estimate that capital gains income grew by about 60%. This increase is attributable to the fact that the stock market, like asset prices generally, quickly recovered from their decrease early in the pandemic. Over the course of calendar 2022; however, the S&P 500 has fallen by about one-fifth. Even with an expected decline in capital gains income over the next years, non-wage income comprises an elevated share of the State's revenue collections. This income is far more volatile and unpredictable than other types of income. In conjunction with the elevated uncertainty over the economic outlook, nonwage income contributes to a heightened risk to the forecast.

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Director, Bureau of
Revenue Estimates

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

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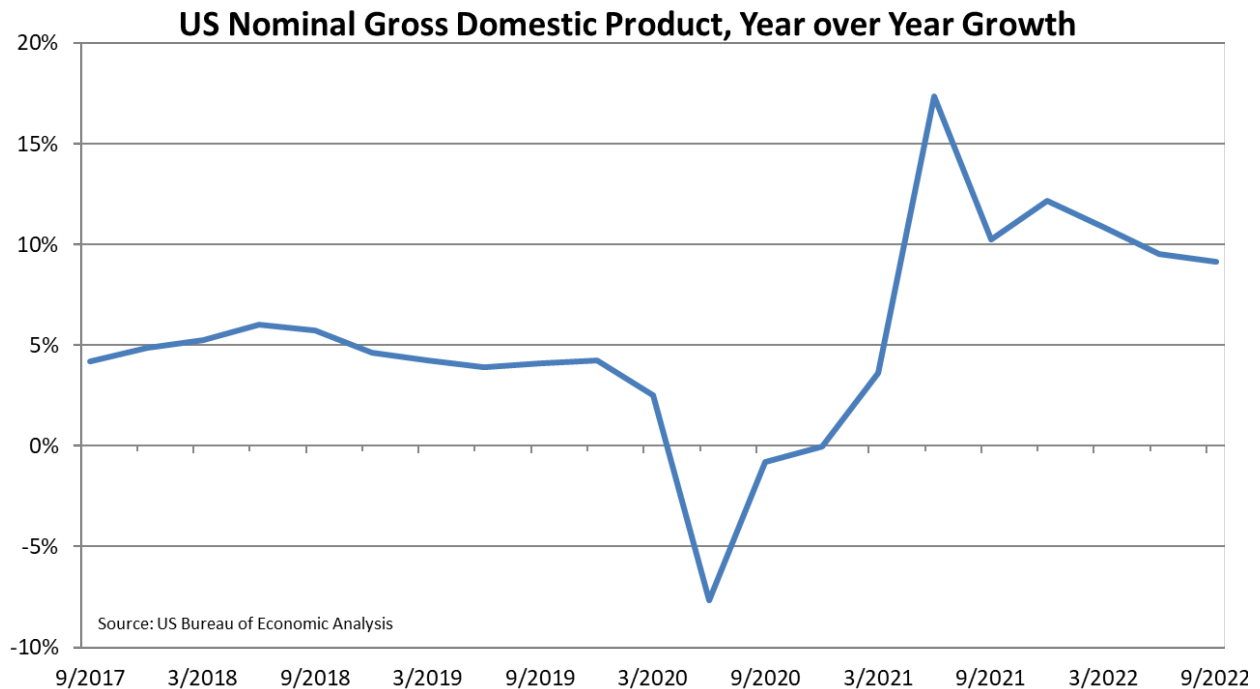
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Economic Outlook

The economy is at an inflection point. Following a rapid recovery, we expect growth to slow significantly but remain positive. In short, we forecast a soft landing. Since achieving a soft landing depends on appropriate monetary policy, there are upside and downside risks to this forecast. If the Federal Reserve (the Fed) tightens too much or too quickly, the economy could go into a recession. If the Fed tightens too little or too late, the inflationary boom will continue, bringing increased risk of a worse recession later. This forecast balances these risks. According to the latest economic data available at the time of writing, economic growth has slowed but is still above trend. As a result, elevated inflation has persisted.

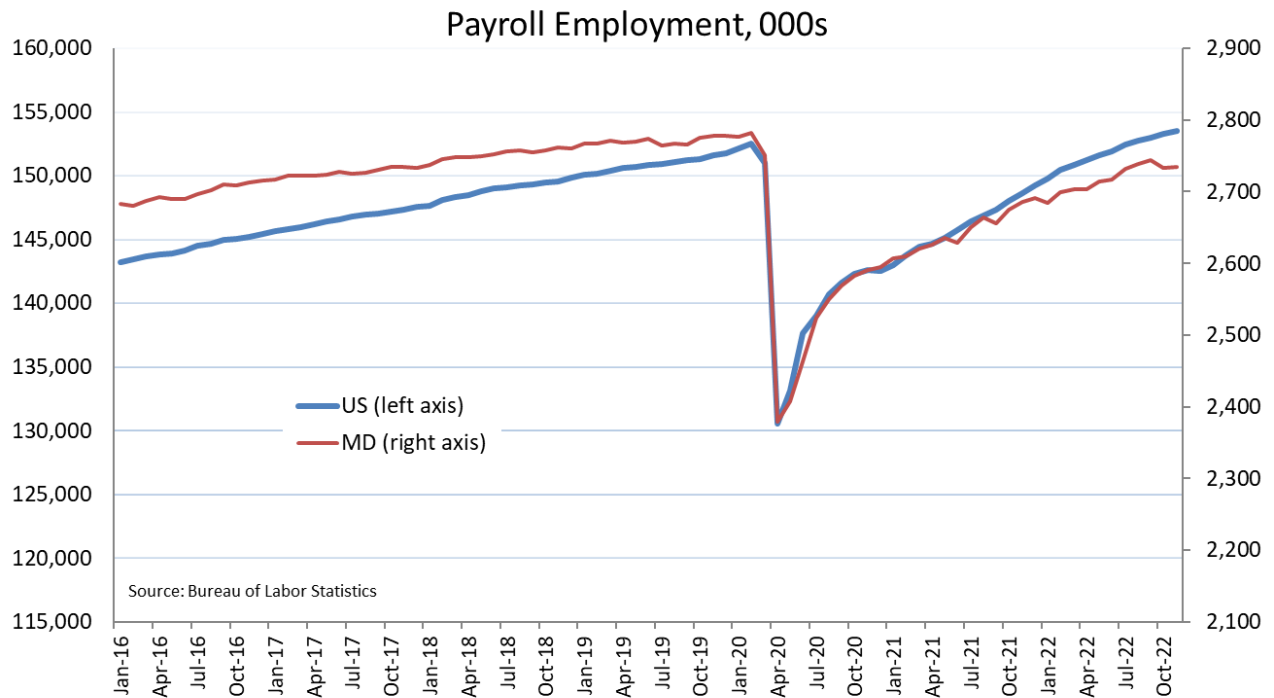
Economic Conditions

The latest economic data show that while the economy is slowing, it is growing at a faster pace than before the pandemic. Aggregate demand (or Nominal GDP) increased 9.1% year over year in the third quarter of calendar year 2022. By comparison, 4% to 5% growth was typical prior to the pandemic. In the third quarter of calendar year 2022, total wage income increased by 7.9% year over year. Total wages are now 16.8% higher than the pre-pandemic peak. In real, or PCE inflation-adjusted, terms, total wages rose 1.5% year over year and are only 4.8% higher than their pre-pandemic peak. The real average wage, defined here as inflation adjusted wage income per employee, declined 2.4% year over year. Rather than contribute to inflation, wage growth is struggling to keep pace with inflation.



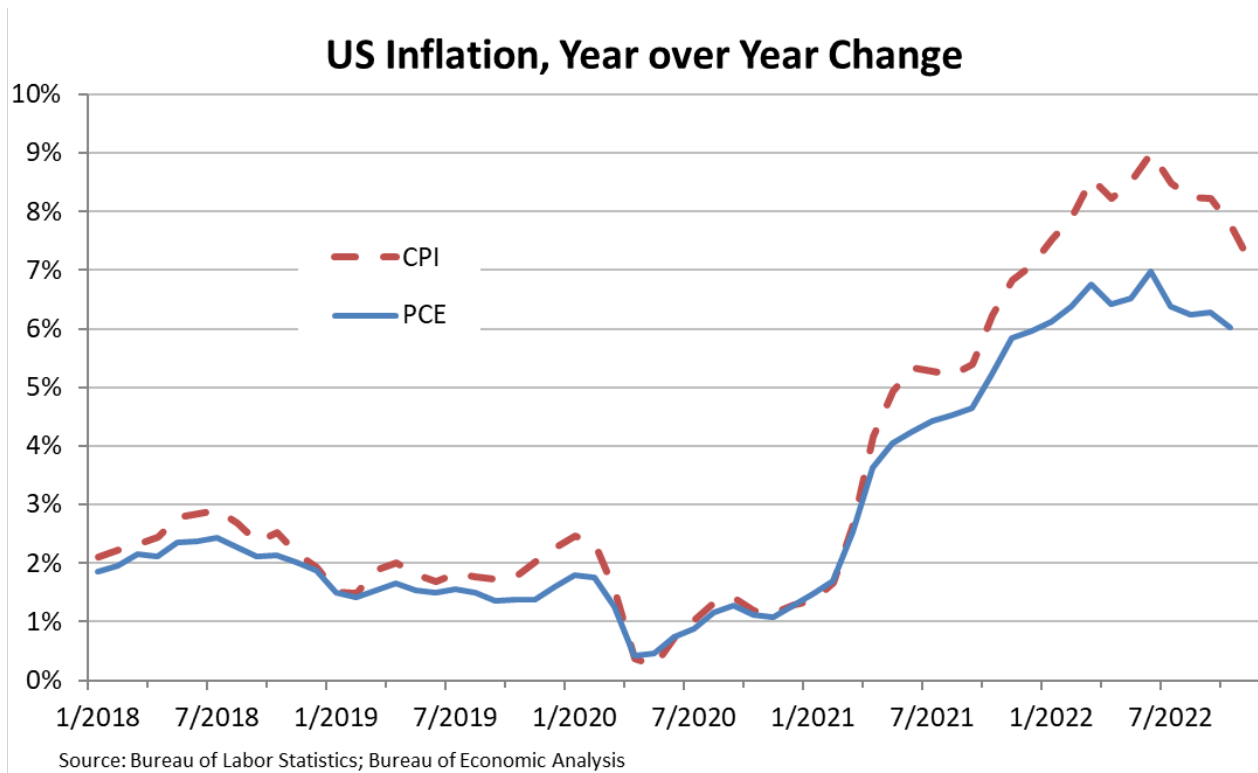
Total employment increased 3.3% year over year as of November 2022. National employment regained its pre-pandemic level this past summer and is now 0.7% above the prior peak. The Labor Force Participation (LFP) rate of the adult population; however, remains below pre-pandemic levels and has not noticeably improved despite low unemployment, record job openings, and the substantial monetary and fiscal stimulus provided during the recovery. LFP was

63.4% in January 2020 and 62.1% in November 2022. If LFP was back to its prior peak, 3.4 million more people would be in the labor force. However, research on labor participation finds that workers outside the labor force face barriers to rejoining – the most significant barriers being health issues, both physical and mental, and family responsibilities. The pandemic exacerbated these trends, causing an increase in health issues, caretaking responsibilities, earlier retirements, and delayed entry into the labor force. Predating the Covid-19 pandemic, the opioid epidemic caused significant declines in LFP and continues unabated. A recovery in LFP should not be expected just because the unemployment rate is low. Rejoining the labor force is a more difficult task for the average person than going from unemployed (but in the labor force) to employed.



Inflation

Recent elevated inflation rates have two causes: negative supply shocks and loose monetary policy. In theory, price changes caused by a supply shock are transitory or short-run, and only last until supply can adjust. However, the pandemic has resulted in ongoing supply disruptions, rather than a one-time disruption. The war in Ukraine has also caused inflationary supply shocks. Negative supply shocks raise the real prices of goods and services, which pushes real wages down. This helps explain why wage growth has not entirely kept pace with inflation. At the same time, the Fed left monetary policy loose well after unemployment fell to normal levels. When more money is put into circulation and supply remains constant, nominal prices must rise. Arguably, the Fed left policy loose for too long and is now having to correct. This combination of repeated supply shocks and loose monetary policy explains why elevated inflation has lasted this long.



Maryland

Maryland’s economy has structural factors in its favor. Typically, the State’s economy and employment contracts less than the nation during a recession. This is partly due to high education and skill levels of the labor force and the presence of the federal government, a stable source of well-paying jobs. Maryland employment in October 2022 is 4.8% higher than the pre-pandemic peak, compared to 0.7% for the U.S. economy. Year over year employment in Maryland rose 2.2%. In 2022 Q2, the most recent data at the state level, total wages increased 8.5% year-over-year and are 7.6% higher than the pre-pandemic peak.

Outlook

This is an especially challenging time to forecast economic and revenue conditions, as the recent performance of our prior estimates shows. Economic growth is slowing but so far remains elevated. Our near-term outlook calls for a soft landing – for growth to slow significantly but not turn negative. While soft landings have been difficult to achieve, this outlook balances the risks to both the upside and downside, in terms of nominal revenue collection. We expect that if the Fed were to slow the economy to the point of a recession, it would likely be a comparatively mild one.

Beyond the near term, we expect growth to return to a trend rate that is marginally higher than the expansion that occurred after the Great Recession. That expansion was unusually slow, due in part to demographic trends that held down productivity and wage growth – most significantly, millennials entering the labor force. We expect wage growth to fall to near 4.0% in the out-years and employment growth to practically come to a halt, owing to Maryland’s stagnant population growth. In 2021, Maryland’s population declined by 0.1%, compared to growth of 0.3% for the U.S. In September 2022, year over year labor force growth in Maryland was 0.8%, compared

to 1.9% for the U.S. labor force. However, as of October 2022, Maryland’s LFP remains higher than the nation’s, at 65.9% and 62.1%, respectively.

Outlook For Key Maryland Economic Variables				
Calendar Year	Employment	Personal Income	Aggregate Wages	Average Wage
2020	-6.8%	5.6%	1.4%	9.0%
2021	2.5	6.2	6.6	3.9%
2022E	2.9	1.5	7.0	4.0%
2023E	1.3	5.1	4.7	3.4%
2024E	0.7	4.4	4.4	3.7%
2025E	0.5	3.9	4.1	3.5%
2026E	0.3	4.2	3.8	3.6%
Source: Bureau of Revenue Estimates				

Risks

The most significant risk to the current forecast is monetary policy. The Fed must tighten policy the right amount in order to slow the economy down while avoiding tipping the economy into a recession. If the Fed does too little too late, inflation will continue to be elevated in the near term. In that case, the Fed would then need to tighten even more drastically to correct for past mistakes, raising the likelihood of a significant recession later. If the Fed does too much too soon, it could tip the economy into a mild recession in the near term.

Geopolitics, namely the war in Ukraine and its impact on energy and food prices, and COVID both remain significant risks to the forecast. A significant change in the war or the pandemic could create additional supply shocks, positive or negative, that could alter the expected trajectory of economic growth.

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Table 1
Forecast of the US Economy
 Primary Indicators

Calendar Year	2018	2019	2020	2021	2022	2023	2024
Gross Domestic Product (\$ in billions)	18,609	19,036	18,509	19,610	19,983	20,039	20,407
	2.9%	2.3%	-2.8%	5.9%	1.9%	0.3%	1.8%
Federal Funds Rate	1.8%	2.2%	0.4%	0.1%	1.7%	4.8%	4.3%
10-Year Treasury Bond Yield	2.9%	2.1%	0.9%	1.4%	3.0%	3.6%	3.3%
Consumer Price Index (%D from prior year)	2.2%	2.0%	1.2%	6.7%	7.4%	2.9%	2.2%
Housing Starts (thousands of units)	1,247	1,291	1,395	1,605	1,554	1,185	1,243
	3.5%	3.5%	8.1%	15.1%	-3.2%	-23.8%	4.9%
New Light Vehicle Sales (thousands of units)	17,225	16,961	14,472	14,947	13,722	14,748	15,878
	0.4%	-1.5%	-14.7%	3.3%	-8.2%	7.5%	7.7%
Corporate Profits Before Taxes (\$ in billions)	2,312	2,402	2,260	2,771	2,990	2,938	2,956
	8.6%	3.9%	-5.9%	22.6%	7.9%	-1.7%	0.6%
Total Non-Agricultural Employment (thousands)	148,898	150,894	142,146	146,102	152,048	152,950	152,418
	1.6%	1.3%	-5.8%	2.8%	4.1%	0.6%	-0.3%
Unemployment Rate	3.9%	3.7%	8.1%	5.4%	3.7%	4.6%	5.0%
Personal Income (\$ in billions)	17,684	18,587	19,832	21,295	21,752	22,736	23,786
	5.0%	5.1%	6.7%	7.4%	2.1%	4.5%	4.6%

Source: IHS Markit (December 2022 Forecast)

Table 2
Forecast of the MD Economy
 Primary Indicators

Calendar Year	2018	2019	2020	2021	2022	2023	2024
Total Non-Agricultural Employment (thousands)	2,752 0.9%	2,770 0.6%	2,582 -6.8%	2,654 2.8%	2,746 3.5%	2,790 1.6%	2,814 0.9%
Existing Median Home Price (\$)	315,450 4.3%	321,200 1.8%	331,960 3.4%	370,288 11.5%	415,370 12.2%	417,669 0.6%	398,157 -4.7%
Home Sales (thousands)	96,502 1.2%	92,205 -4.5%	89,140 -3.3%	117,896 32.3%	106,826 -9.4%	63,414 -40.6%	61,068 -3.7%
Private Housing Starts (thousands)	17.1 7.9%	18.0 5.4%	17.4 -3.1%	17.9 2.5%	18.0 0.7%	14.5 -19.2%	15.2 4.4%
Personal Income (\$ in millions)	371,870 2.8%	384,074 3.3%	405,455 5.6%	430,429 6.2%	436,842 1.5%	459,068 5.1%	479,188 4.4%
Wages and Salaries (\$ in millions)	179,740 3.5%	186,254 3.6%	188,882 1.4%	201,440 6.6%	215,506 7.0%	225,597 4.7%	235,488 4.4%
Dividends, Interest and Rent (\$ in millions)	69,048 3.4%	73,773 6.8%	73,464 -0.4%	75,265 2.5%	78,638 4.5%	84,976 8.1%	89,108 4.9%
Capital Gains (\$ millions)	12,948 13.8%	12,967 0.1%	15,985 23.3%	25,527 59.7%	20,608 -19.3%	16,977 -17.6%	15,820 -6.82%
Unemployment Rate	3.7%	3.4%	6.7%	5.8%	4.4%	5.1%	5.2%

Source: Board of Revenue Estimates and IHS Markit (December 2022 Forecast)

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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.

Table 3 shows detail on general fund and selected special fund revenue sources for fiscal years 2022 through 2024. 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 2022 - 2024

\$ Thousands	GENERAL FUND			SPECIAL FUND			TOTAL		
	Fiscal Year 2022	Fiscal Year 2023 Revised	Fiscal Year 2024	Fiscal Year 2022	Fiscal Year 2023 Revised	Fiscal Year 2024	Fiscal Year 2022	Fiscal Year 2023 Revised	Fiscal Year 2024
	Actual	Estimate	Estimate	Actual	Estimate	Estimate	Actual	Estimate	Estimate
INCOME TAXES									
Individual Corporations	13,548,045	14,052,616	14,667,670				13,548,045	14,052,616	14,667,670
	1,700,268	1,477,464	1,622,505	440,971	383,186	483,824	2,141,239	1,860,651	2,106,328
Total	15,248,313	15,530,080	16,290,175	440,971	383,186	483,824	15,689,284	15,913,266	16,773,998
SALES AND USE TAXES	5,966,843	6,150,168	6,194,835	616,833	690,118	835,306	6,583,676	6,840,286	7,030,141
STATE LOTTERY RECEIPTS									
Lottery Games	635,075	636,451	622,942	133,515	147,846	143,547	768,590	784,297	766,489
Casinos				841,558	851,196	854,440	841,558	851,196	854,440
Total	635,075	636,451	622,942	975,073	999,042	997,987	1,610,147	1,635,493	1,620,929
TRANSPORTATION REVENUES									
Motor Vehicle Fuel Tax				1,104,582	1,343,783	1,502,921	1,104,582	1,343,783	1,502,921
Motor Vehicle Licenses, Fees				793,659	764,607	789,037	793,659	764,607	789,037
Motor Vehicle Titling Tax				1,021,300	1,026,000	1,036,000	1,021,300	1,026,000	1,036,000
Maryland Transit Fees				64,179	79,000	102,000	64,179	79,000	102,000
Maryland Port Fees				50,118	47,000	52,000	50,118	47,000	52,000
Maryland Aviation Fees				275,272	285,000	297,000	275,272	285,000	297,000
Total	-	-	-	3,309,110	3,545,390	3,778,958	3,309,110	3,545,390	3,778,958
OTHER REVENUES									
Property Transfer Tax				354,326	258,487	286,138	354,326	258,487	286,138
Business Franchises and Filing Fees	264,443	222,983	223,872				264,443	222,983	223,872
State Tobacco Tax	479,158	463,766	424,538				479,158	463,766	424,538
Insurance Premium Tax	631,380	648,027	664,910				631,380	648,027	664,910
Alcoholic Beverages Excises	39,076	35,911	35,890				39,076	35,911	35,890
Estate & Inheritance Taxes	266,055	268,741	229,043				266,055	268,741	229,043
Clerks of the Court	36,893	33,304	33,178				36,893	33,304	33,178
District Courts	41,256	40,269	42,088				41,256	40,269	42,088
Hospital Patient Recoveries	68,829	62,300	63,200				68,829	62,300	63,200
Interest on Investments	48,978	125,000	50,000						
Miscellaneous Fees, Other Receipts	331,920	422,228	335,196						--- See Notes ---
Total	2,207,988	2,322,528	2,101,916						
Total Current Revenues	24,058,218	24,639,226	25,209,867						
Extraordinary Revenues ¹	16,311	-	-						
Rental Housing Fund ²	(30,000)	-	-						--- See Notes ---
Blueprint for Maryland's Future Fund ³	-	(800,000)	-						
Revenue Volatility Cap ⁴	-	(100,000)	(120,000)						
GRAND TOTAL ⁵	24,044,529	23,739,226	25,089,867						--- See Notes ---

Please see Table 4 for footnote references

Table 4
Maryland General Fund Revenues
 Fiscal Years 2022 - 2024

\$ Thousands	FY 2023					FY 2024			
	FY 2022 Actual	September Estimate	December Estimate	Difference	Growth	September Estimate	December Estimate	Difference	Growth
INCOME TAXES:									
Individual	13,548,045	14,091,877	14,052,616	(39,261)	3.7%	14,846,299	14,667,670	(178,629)	4.4%
Corporation	1,700,268	1,477,464	1,477,464	-	-13.1%	1,622,505	1,622,505	-	9.8%
Total	15,248,313	15,569,341	15,530,080	(39,261)	1.8%	16,468,804	16,290,175	(178,629)	4.9%
SALES AND USE TAXES	5,966,843	6,150,168	6,150,168	-	3.1%	6,194,835	6,194,835	-	0.7%
STATE LOTTERY	635,075	650,458	636,451	(14,007)	0.2%	650,386	622,942	(27,445)	-2.1%
OTHER REVENUES									
Business Franchise Taxes	264,443	219,156	222,983	3,826	-15.7%	223,039	223,872	832	0.4%
Tax on Insurance Companies	631,380	607,272	648,027	40,756	2.6%	623,013	664,910	41,897	2.6%
Estate and Inheritance Taxes	266,055	250,427	268,741	18,314	1.0%	231,055	229,043	(2,012)	-14.8%
Tobacco Tax	479,158	482,248	463,766	(18,482)	-3.2%	437,477	424,538	(12,938)	-8.5%
Alcoholic Beverages Excise Tax	39,076	33,688	35,911	2,223	-8.1%	33,970	35,890	1,919	-0.1%
District Courts	41,256	46,948	40,269	(6,679)	-2.4%	45,813	42,088	(3,725)	4.5%
Clerks of the Court	36,893	33,304	33,304	-	-9.7%	33,178	33,178	-	-0.4%
Hospital Patient Recoveries	68,829	62,300	62,300	-	-9.5%	63,200	63,200	-	1.4%
Interest on Investments	48,978	75,000	125,000	50,000	155.2%	50,000	50,000	-	-60.0%
Miscellaneous	331,920	403,082	422,228	19,146	27.2%	321,864	335,196	13,332	-20.6%
Total	2,207,988	2,213,424	2,322,528	109,104	5.2%	2,062,611	2,101,916	39,305	-9.5%
Total Current Revenues	24,058,218	24,583,391	24,639,226	55,835	2.4%	25,376,636	25,209,867	(166,769)	2.3%
Extraordinary Revenues ¹	16,311	-	-	-		-	-	-	
Rental Housing Fund ²	(30,000)	-	-	-		-	-	-	
Blueprint for Maryland's Future Fund ³	-	(800,000)	(800,000)	-		-	-	-	
Revenue Volatility Cap ⁴	-	(100,000)	(100,000)	-		(120,000)	(120,000)	-	20.0%
GRAND TOTAL ⁵	24,044,529	23,683,391	23,739,226	55,835	-1.3%	25,256,636	25,089,867	(166,769)	5.7%

¹ Amount reflects a payment to the General Fund from the Maryland Technology Development Corporation (TEDCO).

² Chapters 336 & 337 of 2022 diverted \$30 million from individual income tax revenues to the Rental Housing Fund.

³ Chapter 33 of 2022 diverts \$800 million from individual income tax revenues to the Blueprint Fund.

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

⁵ In FY 2022, \$870.3 million of specified income tax revenues was transferred to the Rainy Day Fund and Fiscal Responsibility Fund per the requirements of the Revenue Volatility Cap.

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Individual Income Tax

General fund revenue from the personal income tax is estimated to increase by 3.7% and total \$14.053 billion in fiscal 2023. In fiscal 2024, revenues are projected to total \$14.668 billion, an increase of 4.4%. It is expected that withholding revenue will drive nearly all of the cumulative increase in gross collections over the two-year period, with nonwithholding gross collections projected to remain roughly flat after recent significant growth. Although withholding revenues are slowing relative to the past two years, it is projected to grow 5.7% in FY 2023 and 5.3% in FY 2024.

Withholding

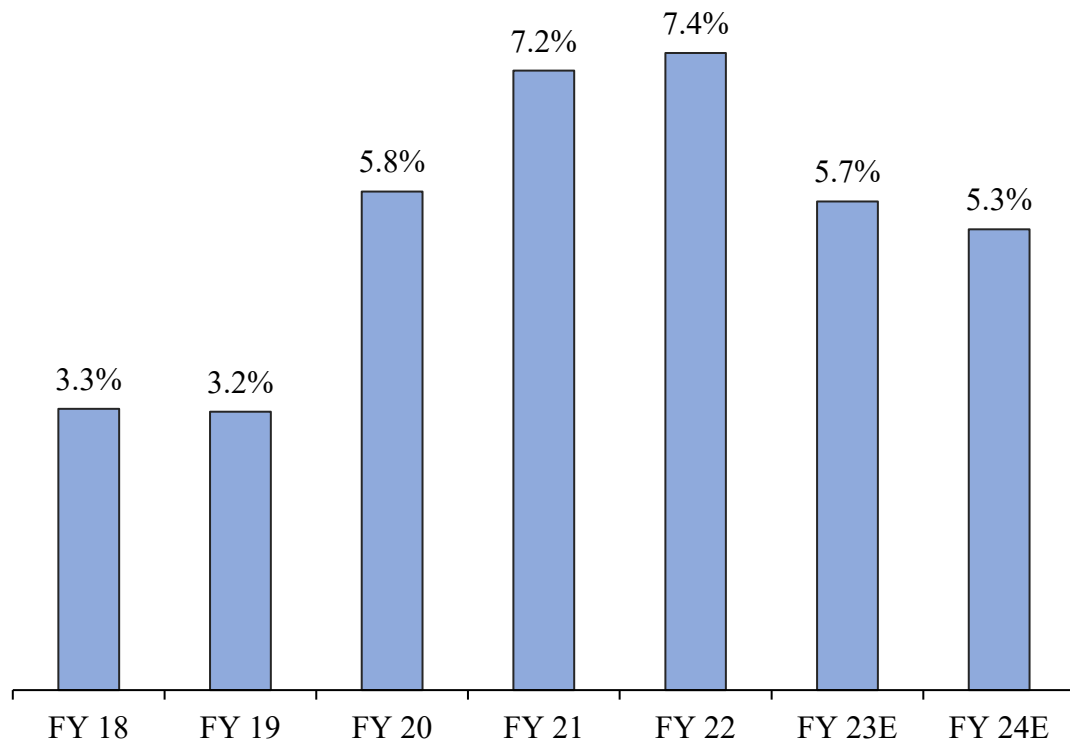
Withholding revenue growth has exceeded 7% in each of fiscal 2021 and 2022, compared to a typical pre-pandemic growth rate of about 4%. In addition to the high rate of growth, withholding revenue within the fiscal year exhibited greater volatility than in the past, reflecting the impact of federal pandemic assistance, including enhanced unemployment insurance (UI) benefits, and federal and State tax laws including the temporary exemption from taxation most UI benefits received by an individual.

Withholding revenue growth accelerated in Spring 2021 along with the economic recovery and over the next twelve months peaked at a growth rate of about 10%. The Federal Reserve's policies to reduce inflation will continue to slow the economy, and in turn will cause lethargic job growth in the near term. For the next calendar year, employment is projected to grow at about one-half of the estimated increase of calendar 2021 (2.5%) and calendar 2022 (2.9%). Job growth is expected to further slow in calendar 2024.

Since April, withholding revenue has begun to normalize and calendar year-to-date revenue has increased by 5.7%. It is expected that withholding will continue to increase at a similar rate during the rest of fiscal 2023 and grow by 5.3% in fiscal 2024.

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Withholding Revenue by Fiscal Year



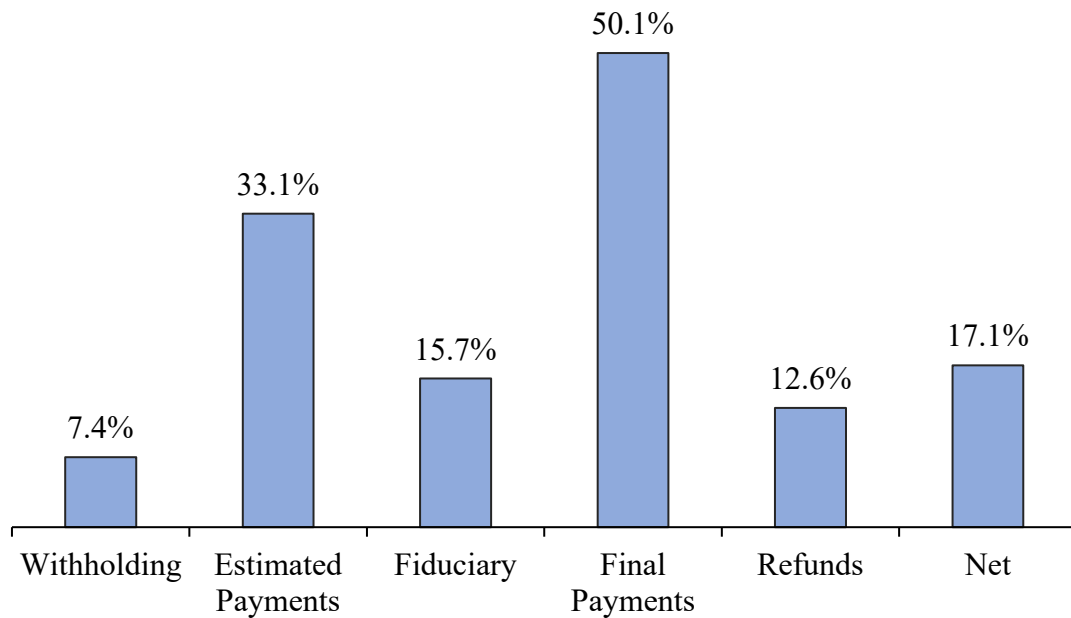
Tax Year 2021

While the tax year is not yet complete, it is estimated that tax year 2021 income tax collections roughly doubled the growth of the prior year. Withholding revenue increased by 7.4%, well above its typical rate reflecting a recovery of the labor market and high nominal wage growth. This rate of growth; however, was expected in the forecast. Similarly, the significant growth in estimated payments (increasing by about one-third) was also incorporated in the forecast.

Tax year 2021 revenues exceeded expectations due to exceptionally high final payments, which increased by slightly over 50%. The magnitude of the over-attainment in final payments and high growth in estimated and final payments typically reflects growth in non-wage income, and in particular capital gains. A preliminary analysis of tax year 2021 data shows that most of the increase in final payments was due to final payments from individuals. Although capital gains data is only available through tax year 2020, equity markets realized another strong year of gains in calendar 2021, with the S&P 500 and Nasdaq up by 27% and 21%, respectively. These increases were on top of two prior years of significant market gains.

The preliminary analysis also shows that the remaining growth in final payments was due to pass-through entities (PTEs). Of the total increase in final payments, it is estimated that electing PTEs, those paying tax at the entity level, explain about one-quarter of the growth and “regular” PTEs were responsible for about one-fifth.

Tax Year 2021 Increase by Component

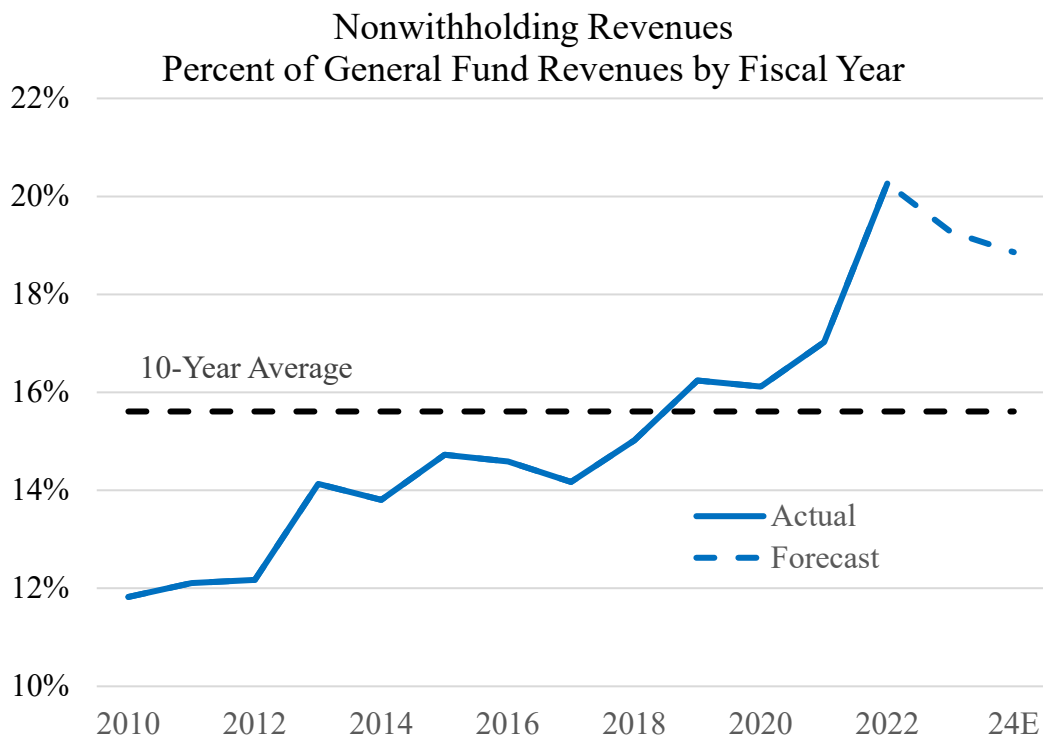


Non-wage Income and Forecast Risks

Income tax revenue growth since the onset of the COVID-19 pandemic (the pandemic) has been elevated compared to prior norms, which we attribute to the unprecedented federal stimulus efforts. After two successive years of high growth, personal income tax revenues are now about one-quarter larger than in fiscal 2020. We expect income tax growth to slow not only relative to the last years but also relative to a typical year as the 3.7% growth in fiscal 2023 and 4.4% in fiscal 2024 is less than the 5% growth rate in the five fiscal years prior to the pandemic. The pace and size of the slowdown are difficult to predict and depends primarily on whether, and at what pace, the economy continues to grow.

In the near term, economic growth will be heavily influenced by monetary policy. As discussed in more detail in the Economic Outlook of this report, our forecast assumes that the Federal Reserve can reduce inflation by slowing the economy without causing a recession. There is much uncertainty and disagreement among economists whether the Federal Reserve will be successful in engineering a soft landing. This contributes to elevated uncertainty over the economic outlook, and a recession and/or higher interest rates pose a significant forecast risk to both wages and non-wage income. While most State major revenue sources including the personal income tax vary with the business cycle, non-wage income is significantly more volatile, especially capital gains. Non-wage income presents a particular risk given (1) the heightened uncertainty over the economic outlook and (2) it is a growing share of the personal income tax.

Most of the recent income tax growth was not driven by withholding revenues but instead by the disproportionately high impact of estimated payments, and in particular payments made by pass-through entities in fiscal 2021, and final payments in fiscal 2022. As a result, the State’s largest revenue source has shifted from being overwhelmingly wage based to a one that is more non-wage based. Since fiscal 2010, nonwithholding revenue has increased at a faster rate than other general fund revenue sources. However, nonwithholding revenue growth has spiked in the last two fiscal years and as a result nonwithholding revenues comprised roughly one out of every five dollars deposited in the general fund in fiscal 2022. Although we expect the share of nonwithholding revenues to decrease in the next two years it remains at an elevated rate and creates the additional risk factor to the forecast.



Note: FY 2023 does not reflect impact of \$800 million PIT transfer
 Source: Bureau of Revenue Estimates

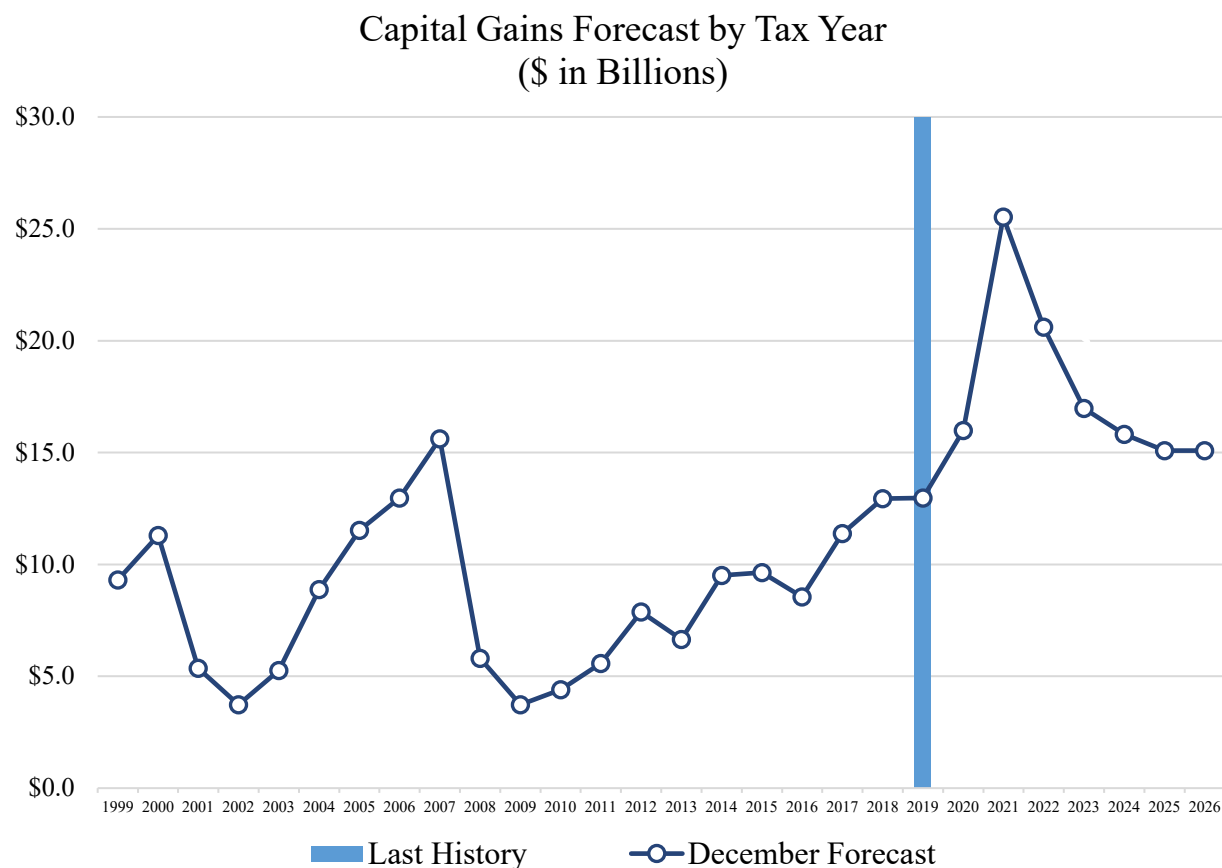
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Capital Gains

Beginning in January, stock prices began to decrease. In addition, both government and corporate bonds, which are typically considered safe havens by investors, have also declined throughout the year. This unusual decline across asset classes reflected the anticipation of more restrictive monetary policy as well as increased uncertainty over the economic outlook.

Year to date, the S&P 500 has declined by a little less than one-fifth. The more speculative and interest rate sensitive stocks of the Nasdaq are down by one-third. Maryland home prices are so far bucking the trend. However, recent price increases are not only less than recent years but also less than earlier in the calendar year. In addition, the total number of sales has decreased significantly.

We estimate that capital gains income almost doubled over two years and peaked at \$25.5 billion in tax year 2021. Our forecast projects that capital gains will decrease in the next two years by about one-third and will continue to decrease before leveling at about \$15.0 billion. Even with the expected decline, capital gains income remains elevated in the near term and creates uncertainty given the difficulty in forecasting this volatile income source.



Source: Bureau of Revenue Estimates

Table 5
Individual Income Tax Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Gross Receipts (State & Local)				
Withholding	16,138,143	17,345,530	18,327,730	19,306,021
Estimated Payments	3,124,243	3,717,711	3,737,421	3,760,865
Payments with Final Returns	2,546,132	4,043,458	3,824,761	3,759,675
Fiduciary	160,345	211,005	189,939	185,451
Gross Receipts	21,968,864	25,317,703	26,079,851	27,012,012
Refunds	(2,755,890)	(3,047,308)	(3,449,854)	(3,459,114)
Net Receipts (State & Local)	19,212,974	22,270,395	22,629,997	23,552,898
Local Reserve Account	(7,506,231)	(8,720,604)	(8,575,636)	(8,883,482)
Income Tax Check-offs	(1,966)	(1,746)	(1,746)	(1,746)
Net General Fund	11,704,777	13,548,045	14,052,616	14,667,670

Figures may not sum to totals due to rounding.

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Corporate Income Tax

Corporate Income Tax (CIT) general fund revenue increased 16.3% to \$1.700 billion in FY 2022. Final payments, based on tax year 2021 profits, increased 21.9%, while estimated payments, based on tax year 2022 expected profits, increased by 8.1%. Gross revenue collected in FY 2022 increased 12.6% while refunds decreased by 24.1%, the second consecutive year of a double-digit decline in refunds. The CIT forecast is unchanged from September.

Table 6
Corporate Income Tax Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Gross Receipts	2,026,185	2,281,828	Note 1	Note 1
Refunds	(185,251)	(140,589)	Note 1	Note 1
Net Receipts	1,841,040	2,141,239	1,860,651	2,106,328
Transportation Trust Fund	(268,685)	(312,497)	(271,547)	(357,444)
Higher Education Investment Fund	(110,462)	(128,474)	(111,639)	(126,380)
Net General Fund	1,461,893	1,700,268	1,477,464	1,622,505

Note 1: Estimates are only for net receipts
Figures may not sum to totals due to rounding.

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Sales and Use Taxes

Sales and Use Tax (SUT) gross revenue increased 21.0% in FY 2022, following growth of 10.1% in FY 2021. The general fund share of SUT revenue increased by 7.6% and 19.6% in FY 2021 and 2022, respectively. We forecast gross revenue to increase by just 3.7% in FY 2023, and general fund revenue to grow 3.1%. SUT collections so far this year show that taxable consumption growth is slowing, and we expect further slowing as the year goes on. Through November, fiscal year to date gross revenue is up 6.3% over the same period last year. Last year growth through November was 29.9% over the prior year.

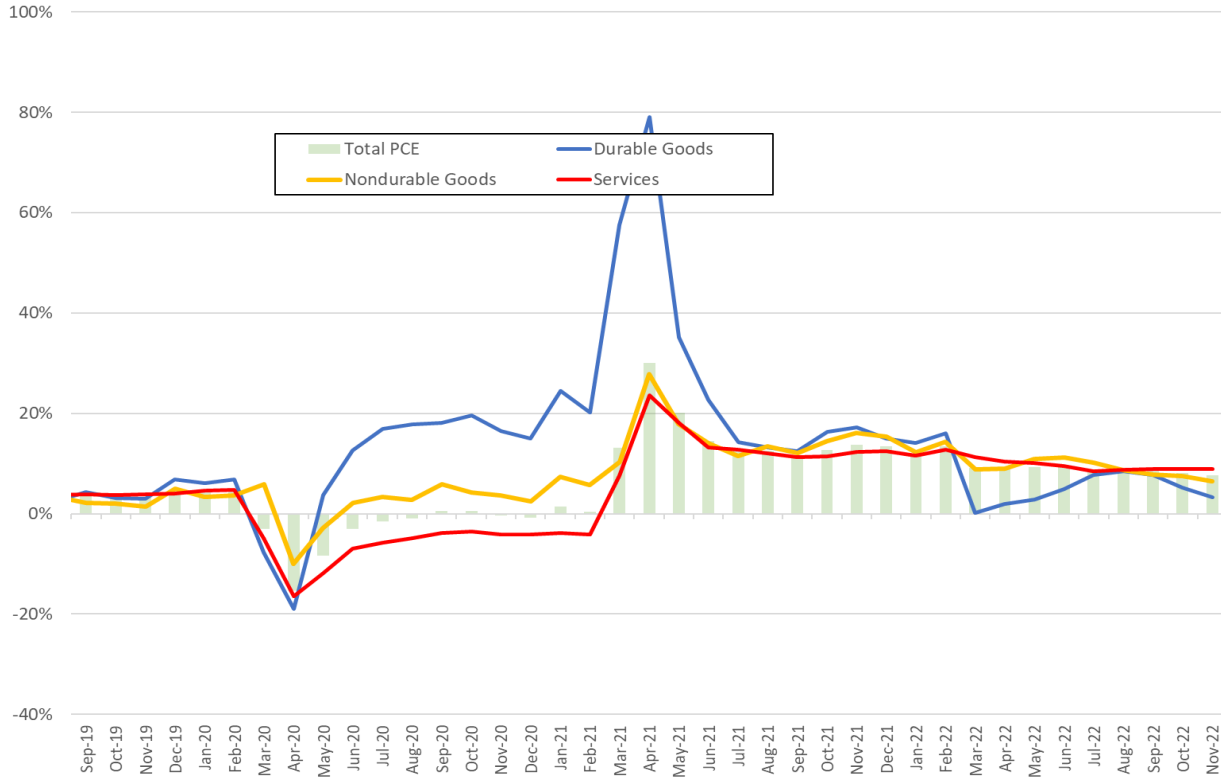
Consumption boomed during the pandemic, due largely to government stimulus efforts, even as private savings increased. Demand shifted away from services, which are generally untaxed, and towards goods, which are generally taxed. In addition, elevated inflation caused higher nominal prices and therefore higher nominal revenue growth. We expect more normal growth rates as the impact of the stimulus and shifting consumption habits wanes. We forecast gross revenue to increase 3.0% in FY 2024, and the general fund share to increase 0.7%. The lower general fund growth is due to a rising distributional share to the Blueprint for Maryland's Future Fund (blueprint fund).

The pandemic shifted consumer preferences in three main ways: increased relative demand for goods, increased propensity to save, and increased demand for online retail. Increased demand for goods increased the share of consumption that is taxable under the SUT. Due to regulatory and legislative changes following the Supreme Court's decision in *Wayfair v. South Dakota*, Maryland was also able to collect sales tax on online retail.

We expect a partial shift back to consumption of services, which will reduce SUT growth, all else equal. Consumption increased by less than disposable income, resulting in higher private savings. These savings are available to consumers to sustain near-term consumption. Recent data shows that consumers are indeed currently drawing down their savings.

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National Personal Consumption Expenditures: Year-Over-Year Growth



Sources: U.S. Bureau of Economic Analysis; Comptroller of Maryland, Bureau of Revenue Estimates

Online retail’s share of total sales has grown, and the pandemic accelerated this shift. We expect the waning impact of the pandemic on behavior to result in a partial shift back to in-person retail. As a result, revenue from remote sellers (including marketplace facilitators) and digital goods is expected to increase just 0.1% in FY 2023, after increasing by 44.2% in FY 2022. In FY 2024, growth is expected to be 6.7%; we expect that online retail collections will grow faster than the total SUT collections over the forecast horizon. Revenue from online retail is now part of gross SUT revenue, certain percentages of which are allocated to certain funds, most notably the general fund and the blueprint fund. This relatively faster growing revenue source will boost gross revenue growth, and therefore general fund revenue growth, going forward. We expect gross SUT revenue growth to slow to about 2.5 – 3.0% a year, slightly faster than the pre-pandemic trend, reflecting the impact of online retail collection.

Table 7
Sales and Use Tax Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Gross Collections	5,468,699	6,615,779	6,858,307	7,059,412
Assessments	2,273	2,836	5,105	7,148
Refunds	(12,057)	(34,940)	(23,126)	(36,419)
Transportation Trust Fund	(21,374)	(35,487)	(30,138)	(31,344)
CB 2010 Fund	(26,123)	(38,695)	(36,835)	(38,309)
Blueprint for MD's Future Fund	(423,340)	(542,650)	(623,145)	(765,654)
Total General Fund	4,988,078	5,966,843	6,150,168	6,194,835

Figures may not sum to totals due to rounding.

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Remaining Supporting Tables

Table 8A
Traditional Lottery - Sales
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Pick 3/Pick 4/Pick 5	686,454	666,828	625,410	625,770
Multimatch	33,702	39,647	31,397	31,397
Instant/5 Card Cash <small>ended Feb-2022</small>	999,201	1,012,827	1,035,948	1,054,826
Keno/Racetrax	572,194	606,142	605,780	613,501
Bonus Match 5	20,508	19,111	18,015	17,994
MegaMillions/Powerball	201,186	208,579	246,850	186,268
Instant Ticket Lottery Machines	13,683	17,070	17,774	18,041
Cash4Life/Fast Play	87,379	96,438	94,490	95,989
Gross Sales	2,614,308	2,666,641	2,675,665	2,643,786

Figures may not sum to totals due to rounding.

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Table 8B
Traditional Lottery - Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Pick 3/Pick 4/Pick 5	122,692	243,379	252,327	253,115
Multimatch	11,141	13,778	10,747	10,653
Instant/5 Card Cash <small>ended Feb-2022</small>	155,172	161,297	158,307	163,088
Keno/Racetrax	137,979	140,272	141,676	144,153
Bonus Match 5	7,432	6,892	5,882	6,140
MegaMillions/Powerball	82,214	85,651	101,198	74,413
Instant Ticket Lottery Machines	2,143	2,656	2,204	2,238
Cash4Life/Fast Play	18,673	19,730	23,276	21,952
Gross Revenue	667,440	73,654	695,617	675,751
Less: Stadium Authority Revenue, Balt City Schools, and MSEEP Fund	(35,208)	(35,233)	(44,637)	(37,652)
Less: Veteran’s Trust Fund Revenue	(214)	(266)	(220)	(224)
Less: Youth Sports, Humanities Council, and Arts Fund	(299)	(1,150)	(1,400)	(1,400)
Less: Excess RFRA received from DLLR and Anne Arundel Hold Harmless	-	(1,931)	1,729	618
Less: Bus/Rapid Transit Fund	-	-	(14,637)	(14,152)
Net General Fund	631,719	635,075	636,451	622,942

Figures may not sum to totals due to rounding.

Table 9
Business Franchise Tax Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Public Service Company Franchise Tax	144,260	141,835	142,852	144,563
Filing Fees	149,795	122,608	123,329	122,165
Blueprint Fund ¹	(83,545)	-	-	-
Maryland Saves Program Exclusions	-	-	(43,199)	(42,857)
Net General Fund	210,510	264,443	222,983	223,872

Note 1: A one-time distribution of filing fee revenue per Chapter 16 of the 2019 Legislative Session

Table 10
Insurance Premium Tax Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Insurance Premium Tax	387,170	408,124	418,975	428,026
MD Health Benefit Exchange Distributions	(29,100)	(30,194)	(32,000)	(32,000)
HMO & MCO Premium Tax Collections¹	-	253,449	261,053	268,884
Net General Fund	358,071	631,380	648,027	664,910

Note 1: Chapter 538 of the 2020 Legislative Session eliminated the Rate Stabilization Fund, therefore premium tax collections from Health Maintenance Organizations (HMO) & Managed Care Organizations (MCO) are deposited into the general fund beginning in fiscal year 2022

Table 11
Estate and Inheritance Tax Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Collateral Inheritance Tax	58,793	83,812	70,497	68,266
Direct Inheritance Tax	83	50	71	77
Estate Tax	181,716	182,193	198,172	160,700
Net General Fund	240,592	266,055	268,741	229,043

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Table 13
Excise Tax Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Cigarette Tax	322,242	417,954	403,258	361,866
Other Tobacco Products Tax	47,348	55,578	60,507	62,672
Floor Tax	18,671	5,626	-	-
Net General Fund Tobacco	388,261	479,158	463,766	424,538
Distilled Spirits Tax	23,454	21,885	21,446	21,126
Wine Tax	7,206	6,575	6,282	6,408
Beer Tax	8,282	8,470	7,682	7,838
Miscellaneous Licenses	863	2,273	880	897
Subtotal Alcoholic Beverages Taxes	39,805	39,203	36,290	36,269
Less: Maryland Alcohol Manufacturing and Promotion ¹	(83)	(127)	(380)	(379)
Net General Fund Alcoholic Beverages	39,722	39,076	35,911	35,890

Note 1: Maryland Wine and Grape Promotion Fund has been replaced with the Maryland Alcohol Manufacturing and Promotion Fund beginning in fiscal year 2023.

Table 14
General Fund Court Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
District Courts	35,191	41,256	40,269	42,088
Clerks of the Court	36,096	36,893	33,304	33,178

Table 15
General Fund Interest Earnings
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021 Actual	2022 Actual	2023 Estimated	2024 Estimated
Interest Earnings	12,297	48,978	125,000	50,000

Table 16
Miscellaneous Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Recording Organization & Capitalization Fees	24,310	20,148	19,042	19,240
Excess Fees of Office	(2,012)	5,377	399	499
Unclaimed Property	117,154	138,305	116,446	102,696
Local Income Tax Reimbursement	20,137	18,134	20,058	20,760
Uninsured Motorist Penalty Fees	23,850	42,610	37,692	37,700
Federal Retiree Drug Subsidy	3,911	485	-	-
Miscellaneous Revenues and Transfers	183	659	300	300
Net General Fund	187,532	225,717	193,937	181,195

Figures may not sum to totals due to rounding.

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Table 17
Miscellaneous Agency Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
PSC Fines, Citations and Filing Fees	1,219	1,297	-	-
Legislature	9	7	7	7
Workers' Compensation	52	53	52	52
Public Defender	74	43	25	26
Attorney General	30,466	30,084	31,892	32,352
Executive & Administrative Control	4,896	4,677	5,381	5,235
Financial & Revenue Administration	21,788	12,196	22,334	22,730
Budget & Fiscal Administration	2,796	1,122	1,231	1,242
General Services	-	-	-	-
Natural Resources	147	4,638	139	141
Agriculture	134	185	152	152
Health	27,529	25,823	131,297	61,677
Human Resources	13	2,961	1,848	1,876
Labor	772	4,956	4,148	4,208
Public Safety & MD State Police	16,016	12,752	20,772	16,129
Public Education	4,675	3,965	5,692	5,770
Housing and Community Development	-	(0)	-	-
Commerce	986	(745)	91	92
Environment	521	448	483	450
Juvenile Services	-	636	1,205	289
Alcoholic Beverage Licenses	825	1,107	1,542	1,573
Net General Fund	112,918	106,203	228,291	154,001

Figures may not sum to totals due to rounding.

Table 18
Transportation Revenues
Fiscal Years 2021 – 2024
(\$ in thousands)

	2021	2022	2023	2024
	Actual	Actual	Estimated	Estimated
Department of Transportation				
Registrations	407,631	393,681	398,651	406,906
Licenses	48,559	49,819	45,379	58,079
Med-Evac Surcharge	73,577	70,932	71,842	73,331
Trauma Physician Services Surcharge	12,562	12,227	12,384	12,641
Miscellaneous Motor Vehicle Fees	178,555	191,675	175,811	176,547
Vehicle Emission Inspection Fees	27,556	40,193	34,463	35,152
Security Interest Filing Fees – Special Funds	11,617	11,447	10,566	10,645
Hauling Fees	10,625	10,836	10,936	11,036
Special License Tags – Special Funds	3,650	4,058	4,575	4,700
Titling Tax	976,727	1,021,300	1,026,000	1,036,000
Sales Tax on – Rental Vehicles	21,374	35,487	30,138	31,344
	<u>1,772,433</u>	<u>1,841,655</u>	<u>1,820,745</u>	<u>1,856,381</u>
Motor Fuel Vehicle Tax	647,729	726,417	739,186	732,132
Road Tax	8,247	8,612	-	-
Decals & Permits	163	179	-	-
Sales and Use Tax Equivalent	277,033	286,209	434,554	539,864
CPI Indexing	92,329	91,956	170,043	230,925
	<u>1,025,501</u>	<u>1,113,373</u>	<u>1,343,783</u>	<u>1,502,921</u>
Total	2,797,934	2,955,028	3,164,528	3,359,302

Figures may not sum to totals due to rounding.

Table 19
Casino Revenues
Fiscal Years 2021 – 2024
(\$ in millions)

Video Lottery Terminals				
	FY 2021	FY 2022	FY 2023E	FY 2024E
Education Trust Fund	443.6	511.1	509.4	509.8
Casino Operators	546.5	624.6	626.6	637.4
Local Impact Grants	62.9	72.4	72.2	74.2
Small, Minority, and Women – Owned Business	17.0	19.6	19.5	20.2
Purse Dedication	67.8	78.0	77.9	81.0
Race Tracks Facility Renewal Account	11.1	12.8	12.7	13.5
State Lottery Agency	11.6	13.3	13.3	13.5
Total Video Lottery Terminals	1,160.4	1,331.8	1,331.7	1,349.7

Table Games				
	FY 2021	FY 2022	FY 2023E	FY 2024E
Education Trust fund	87.8	100.5	109.5	106.6
Casino Operators	468.3	536.0	584.2	568.7
Local Impact Grants	29.3	33.5	36.5	35.5
Total Table Games	585.3	670.0	730.3	710.9

Miscellaneous				
	FY 2021	FY 2022	FY 2023E	FY 2024E
Education Trust Fund	0.2	0.4	-	-

Total				
	FY 2021	FY 2022	FY 2023E	FY 2024E
Education Trust Fund	531.6	612.0	618.9	616.4
Casino Operators	1,014.7	1,160.6	1,210.8	1,206.2
Local Impact Grants	92.2	105.9	108.8	109.8
Small, Minority, and Women – Owned Business	17.0	19.6	19.5	20.2
Purse Dedication	67.8	78.0	77.9	81.0
Race Tracks Facility Renewal Account	11.1	12.8	12.7	13.5
State Lottery Agency	11.6	13.3	13.3	13.5
Total	1,745.9	2,002.2	2,062.0	2,060.6

Figures may not sum to totals due to rounding.

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Five Year Forecast

Economic and tax revenue growth have slowed from their pandemic highs but remain elevated. In the near term, we expect growth to continue slowing but remain positive. Further out into the forecast, growth is expected to settle at rates consistent with underlying trend growth. The timing of this shift is uncertain, as is the underlying long term trend rate of growth. The timing depends critically on the Federal Reserve (the Fed), which is currently engaged in monetary tightening to reduce inflation.

We expect the trend rate of growth post-pandemic to be marginally higher than pre-pandemic. We expect inflation to subside in the near term to rates consistent with the Fed's target. After the Great Recession, inflation was consistently below the Fed's inflation target. Even if the Fed is successful and reduces inflation to its target and keeps it there, inflation will be marginally higher than pre-pandemic norms. Tax revenue is collected in nominal dollars, so higher inflation means higher revenue. Secondly, millennials – the largest generation in the labor force – are becoming more productive as they gain experience, which should lead to higher productivity and wage growth than pre-pandemic norms. Finally, job switching typically also leads to wage and productivity gains and is occurring at a high level.

Despite expectations of higher trend rates of growth going forward, the pandemic has caused economic damage that will persist. For example, the pandemic caused a decline in labor participation, which is much less sensitive to the business cycle than unemployment. The decline in labor force participation is likely to remain after total employment recovers. Workers who leave the labor force, often for health and family reasons, experience difficulty re-entering, skill loss, and lower lifetime incomes. Labor force growth was already expected to slow over time due to baby boomers leaving the labor force and declining population growth. U.S. population growth was 0.3% in 2022, while the working age population (25 to 64) fell 0.2%. In Maryland, the population decreased by 0.1% in 2021 and the working age population fell 0.6%. In the out-years of our forecast we expect employment growth in Maryland to be stagnant.

Table 20
Long Term Economic Forecast
 Primary Indicators

Calendar Year	2020	2021	2022	2023	2024	2025	2026
Gross Domestic Product (\$ in billions)	18,509	19,610	19,983	20,039	20,407	20,812	21,188
	-2.8%	5.9%	1.9%	0.3%	1.8%	2.0%	1.8%
US Non-Agricultural Employment (thousands)	142,146	146,102	152,048	152,950	152,418	153,213	153,798
	-5.8%	2.8%	4.1%	0.6%	-0.3%	0.5%	0.4%
US Personal Income (\$ in billions)	19,832	21,295	21,752	22,736	23,786	24,924	26,053
	6.7%	7.4%	2.1%	4.5%	4.6%	4.8%	4.5%
Consumer Price Index (% Δ from prior year)	1.2%	6.7%	7.4%	2.9%	2.2%	2.0%	2.2%
US 10 Year Treasury Bond Yield	0.9%	1.4%	3.0%	3.6%	3.3%	3.2%	3.2%
MD Total Non-Agricultural Employment (thousands)	2,582	2,654	2,746	2,790	2,814	2,828	2,838
	-6.8%	2.8%	3.5%	1.6%	0.9%	0.5%	0.3%
MD Personal Income (\$ in millions)	405,455	430,429	436,842	459,068	479,188	498,044	518,921
	5.6%	6.2%	1.5%	5.1%	4.4%	3.9%	4.2%

Source: Board of Revenue Estimates and IHS Markit (December 2022 Forecast)

Table 21
Maryland General Fund Revenues
 Fiscal Years 2022- 2028
 (\$ in thousands)

	2022 Actual	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Income Taxes							
Individual	13,548,045	14,052,616	14,667,670	15,356,223	15,974,209	16,458,581	17,188,947
Corporation	1,700,268	1,477,464	1,622,505	1,666,435	1,717,543	1,792,975	1,921,917
TOTAL	15,248,313	15,530,080	16,290,175	17,022,658	17,691,751	18,251,556	19,110,863
Sales and Use Taxes	5,966,843	6,150,168	6,194,835	6,334,353	6,493,251	6,628,954	6,806,558
State Lottery	635,075	636,451	622,942	568,600	578,338	568,247	577,314
Franchise, Excise, License, Fee	2,207,988	2,322,528	2,101,916	2,098,380	2,104,403	2,116,048	2,136,654
ONGOING GENERAL FUND REVENUES	24,058,218	24,639,226	25,209,867	26,023,991	26,867,744	27,564,804	28,631,389
Extraordinary Revenues ¹	16,311	-	-	-	-	-	-
Rental Housing Fund ²	(30,000)	-	-	-	-	-	-
Blueprint for Maryland's Future Fund ³	-	(800,000)	-	-	-	-	-
Revenue Volatility Cap ⁴	-	(100,000)	(120,000)	(140,000)	(537,355)	(364,707)	(207,648)
TOTAL GENERAL FUND REVENUES ⁵	24,044,529	23,739,226	25,089,867	25,883,991	26,330,389	27,200,097	28,423,741

¹ Amount reflects a payment to the General Fund from the Maryland Technology Development Corporation (TEDCO).

² Chapters 336 & 337 of 2022 diverted \$30 million from individual income tax revenues to the Rental Housing Fund.

³ Chapter 33 of 2022 diverts \$800 million from individual income tax revenues to the Blueprint Fund.

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

⁵ In FY 2022, \$870.3 million of specified income tax revenues was transferred to the Rainy Day Fund and Fiscal Responsibility Fund per the requirements of the Revenue Volatility Cap.

Table 22
Revenues From Maryland's Casinos
Fiscal Years 2022- 2028
(\$ in thousands)

	2022 Actual	2023 Estimate	2024 Estimate	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate
Video Lottery Terminals							
Education Trust Fund	511,119	509,388	509,806	516,436	523,164	531,689	538,636
Licensee	624,643	626,575	637,439	645,705	654,092	662,601	671,234
Local Impact Grants	72,400	72,243	74,233	75,197	76,175	77,168	78,174
Business Development	19,582	19,547	20,245	20,508	20,775	21,046	21,320
Purse Dedication	78,037	77,900	80,982	82,033	83,100	84,183	85,281
Racetrack Renewal	12,756	12,745	13,497	13,672	13,850	12,330	12,493
MD Lottery & Gaming Control	13,275	13,317	13,497	13,672	13,850	14,030	14,214
Subtotal	1,331,812	1,331,715	1,349,700	1,367,225	1,385,006	1,403,047	1,421,352
Table Games							
Education Trust Fund	100,496	109,542	106,634	108,053	109,493	110,955	112,439
Licensee	535,979	584,222	568,715	576,284	583,965	591,761	599,674
Local Impact Grants	33,499	36,514	35,545	36,018	36,498	36,985	37,480
Subtotal	669,974	730,277	710,894	720,355	729,957	739,702	749,593
Miscellaneous							
Education Trust Fund	395	-	-	-	-	-	-
Subtotal	395	-	-	-	-	-	-
Total							
Education Trust Fund	612,010	618,930	616,440	624,489	632,657	642,645	651,075
Licensee	1,160,623	1,210,797	1,206,154	1,221,989	1,238,057	1,254,362	1,270,908
Local Impact Grants	105,898	108,757	109,778	111,215	112,673	114,153	115,654
Business Development	19,582	19,547	20,245	20,508	20,775	21,046	21,320
Purse Dedication	78,037	77,900	80,982	82,033	83,100	84,183	85,281
Racetrack Renewal	12,756	12,745	13,497	13,672	13,850	12,330	12,493
MD Lottery & Gaming Control	13,275	13,317	13,497	13,672	13,850	14,030	14,214
Total	2,002,181	2,061,993	2,060,594	2,087,580	2,114,963	2,142,749	2,170,945