

# News Release

## Maryland Board Updates Revenue Estimates for FY 2024 and Adopts Initial Estimates for FY 2025

*Comptroller remains cautiously optimistic, but notes continuing elevated risk and negative consequences from federal shutdown*

ANNAPOLIS, Md. (September 28, 2023) - Comptroller Brooke E. Lierman and members of the Board of Revenue Estimates met today to adopt a revised estimate for FY 2024 – a minor adjustment of -\$14.1 million – and the first official estimate for FY 2025.

The Board forecasts total general fund revenues of \$24.566 billion in FY 2024, an increase of 3.8% over the prior year, and \$25.081 billion in FY 2025, an increase of 2.1% over FY 2024. On an ongoing basis, taking out one-time distributions and other impacts, ongoing general fund revenues are projected to increase by 0.9% in FY 2024 and 2.2% in FY 2025.

“Maryland has weathered several financial storms in the past few years. Now, with savvy investments, prudent financial planning, and a clearer picture of the challenges we face, Maryland is well-positioned to navigate the new post-pandemic economy,” **Comptroller Lierman said**. “Maryland’s economy remains stable, and I am cautiously optimistic that we will continue to see modest economic growth and avoid a recession.”

As noted in the recently released [Closeout Report](#), the labor market has shown resiliency as withholding income tax revenues increased by more than 5% in Fiscal Year 2023. Even though Maryland’s economic growth slowed, it has remained positive as the Federal Reserve raised interest rates to reduce inflation. Sales tax revenue growth also slowed and reflected both a return to spending money on services and the need of many low- to moderate-income Marylanders to slow spending as they used savings that they had accumulated during the pandemic years to offset rising prices of

household goods. Although the inflation rate is slowing, many families and small businesses are still adjusting to the economic impact of rising rent, mortgages and car purchases.

“At the March board meeting, I noted that the revenue forecasts indicated a flashing yellow light on Maryland’s economy,” **Comptroller Lierman said.** “The lights are still flashing, and from novel trends associated with the post-COVID economic recovery to the deeply concerning implications of a looming federal government shutdown, uncertainty remains.”

The potential federal government shutdown – a new risk – could have a substantial impact on Maryland. The impact will depend on the shutdown’s severity and length of time, as well as any spending cuts as part of an agreement to end it. In Tax Year 2021, 1 in 9 individual income tax filers were either federal workers or retirees and 352,000 Maryland households directly benefitted from either wages or retirement income from the federal government. These individuals accounted for a total income of \$31 billion or 10.5% of all income earned in Maryland.

There are 160,000 federal jobs based in Maryland, representing more than 5% of all jobs. The shutdown also would include jobs and income generated by federal contractors and federally supported researchers, service providers, and others who contribute to Maryland’s employment and income tax base. The 2013 sequestration caused Maryland’s economy and employment growth to slow and serves as an example of risk from unfavorable federal budget actions.

Elevated inflation rates also contribute to elevated risk levels. The Federal Reserve has not reached its desired rate of inflation, which may mean additional interest rate increases to slow the economy further.

“Post COVID-19 trends are not yet fully understood, including changes to the labor force as well as state-to-state migration patterns,” **said Robert Rehrmann, Director of the Bureau of Revenue Estimates and the Board's Executive Secretary.** “The Comptroller’s Office has been examining these trends to gain a better understanding of the impacts on Maryland’s economy.”

Next month, the Comptroller’s Office will release a report on the state of Maryland’s economy to serve as an aide to policymakers, leaders, and our partners in government to better understand the structural changes in Maryland’s economy, revenue base and opportunities and challenges before us. The report also will help to ensure that stakeholders have access to data for more informed decision-making.

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**The Bureau of Revenue Estimates** serves as economic staff for the Comptroller and staff for the Board of Revenue Estimates. As such, the Bureau forecasts and analyzes the State and national economies; forecasts, analyzes, and monitors State revenues; and analyzes the effects of State and federal tax legislation on the State's

revenues. In addition, the Bureau provides updates and analyses of the State's economy, revenue performance, and revenue forecasts to the bond rating agencies prior to every bond sale and otherwise as conditions warrant. For more information, visit <https://www.marylandtaxes.gov/divisions/bre.php> Materials from the Board of Revenue Estimates' meeting will be available later this afternoon at this link: <https://mdbre.gov/revenue-estimates.php>.

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

Comptroller Brooke E. Lierman, Chair

Treasurer Dereck E. Davis

Department of Budget and Management Secretary Helene T. Grady

Bureau of Revenue Estimates Director Robert J. Rehrmann and is the Board's Executive Secretary.

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