COMPTROLLER of MARYLAND
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COMPTROLLER of MARYLAND

**Brooke E. Lierman**
*Comptroller*

**Sandra Zinck**
*Director,*
*General Accounting Division*

September 18, 2023

The Honorable Brooke E. Lierman
Comptroller of Maryland
Comptroller's Office
80 Calvert Street
Annapolis, Maryland 21404

Dear Comptroller Lierman:

Enclosed you will find the statement of General Fund Balance for the year ended June 30, 2023. In addition, you will find a schedule of General Fund revenues and an analysis of the variances between the 2023 estimated and actual revenues prepared by the Bureau of Revenue Estimates.

The State closed the fiscal year ended June 30, 2023 with a fund balance of $2.584 billion in the General Fund. Of this amount $2.029 billion was assigned by the 2023 General Assembly for fiscal year 2024 operations leaving an unassigned fund balance of $555 million.

Please advise me if you have any questions or would like additional information.

Sincerely,

Sandra Zinck

Sandra Zinck
Director, General Accounting Division

80 Calvert Street, Annapolis, Maryland 21401 410-260-7820 1-888-784-0144 (MD) www.marylandtaxes.gov
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**General Fund Balance**
**June 30, 2023**

| | | |
|---|---|---|
| **General Fund Balance, June 30, 2022** | | $5,498,706,783 |
| | | |
| Add: | | |
| 2023 Estimated Revenues (Board of Revenue Estimates March 2023) | | 24,561,858,316 |
| Adjustments to Revenues (see detail) | | (850,000,000) |
| Reimbursement from reserve for Tax Credits | | 41,580,507 |
| Other adjustments to revenue: | | |
| Transfer from Revenue Stabilization Account | | 1,166,210,368.00 |
| | | |
| Deduct: | | |
| 2023 General Fund Appropriations | | |
| Appropriated by 2022 General Assembly | 28,069,124,892 | |
| Deficiency appropriations | 134,851,644 | |
| Bill reductions | (7,500,000) | |
| Specific reversions (see detail) | (95,535,373) | |
| Estimated agency reversions | (75,000,000) | |
| | | |
| Net appropriations | | (28,025,941,163) |
| | | |
| **Estimated 2023 General Fund Balance** | | 2,392,414,811 |
| | | |
| Add: | | |
| Excess of Actual Revenues over (under) estimates | (39,177,023) | |
| Excess of Actual Transfers over (under) estimates | 20,127,301 | |
| | | (19,049,722) |
| | | |
| Add: | | |
| Excess of Actual Reversions over estimates | 210,799,654 | |
| | | 210,799,654 |
| | | |
| **Total General Fund Balance** | | 2,584,164,743 |
| | | |
| Deduct: | | |
| General Fund Balance Reserved for 2023 Operations | 2,392,414,811 | |
| Minus 2024 Estimated Surplus | (363,747,136) | |
| | | 2,028,667,675 |
| | | |
| **2023 Unassigned General Fund Balance** | | $ 555,497,068 |

**EXHIBIT A**
**GENERAL FUND BUDGET SUMMARY**
**Detail - Fiscal Year 2023**

| | |
|---|---|
| **Adjustments to Revenues - Other** | |
| Ch. 33 of 2022 - Blueprint for MD's Future Fund Distribution | $ (800,000,000) |
| Behavioral Health Provider Recoupment | 50,000,000 |
| | $ (750,000,000) |
| | |
| **Adjustments to Revenues - Revenue Volatility** | |
| Revenue Volatility Cap | $ (100,000,000) |
| | |
| **Agency Reversions** | |
| SDAT - Homeowner's Tax Credit | $ (16,000,000) |
| MDH - Medicaid Carryover | (79,535,373) |
| | $ (95,535,373) |
| | |
| **Transfers from Revenue Stabilization Account** | |
| FY23 Supplemental Budget #2 | $ 100,000,000 |
| FY23 Supplemental Budget #3 | 191,478,450 |
| FY23 Supplemental Budget #4 | 874,731,918 |
| | $ 1,166,210,368 |

**STATE OF MARYLAND**
**State Reserve Fund**
**June 30, 2023**
**(In Dollars)**

| | Revenue Stabilization Account (Rainy Day) A0101 (fund 0201) | | Dedicated Purpose Account A0201 (fund 0202) | | Economic Development Opportunity (Sunny Day) A0301 (fund 0203) | Catastrophic Event Account A0401 (fund 0204) | Total |
|---|---|---|---|---|---|---|---|
| Beginning Balance - July 1, 2022 | $ 1,662,340,216 | | $ 109,895,505 | | $ 3,614 | $ 10,054,415 | $ 1,782,293,750 |
| Investment Earnings | 114,675,635 | | - | | - | - | 114,675,635 |
| Replenishments | 1,249,588,938 | | 1,764,589,542 | | - | - | 3,014,178,480 |
| Distributions/Transfers | (69,000,000) | a | (1,373,040,681) | b | - | - | (1,442,040,681) |
| Ending Balance - June 30, 2023 | $ 2,957,604,789 | | $ 501,444,366 | | $ 3,614 | $ 10,054,415 | $ 3,469,107,184 |

Source: DAFRG110 & DAFRG400.

(a) Budget Amendment #057-23 $3,750,000 to MEA
(a) Budget Amendment #057-23 $1,125,000 to DNR
(a) Budget Amendment #057-23 $375,000 to MDA
(a) Budget Amendment #057-23 $8,500,000 to MDH
(a) Budget Amendment #057-23 $1,500,000 to DPSCS
(a) Budget Amendment #057-23 $3,750,000 to DHCD
(a) Budget Amendment #057-23 $40,000,000 to Commerce
(a) Budget Amendment #057-23 $10,000,000 to Labor

(b) Transfers from GOCPYVS - $457,296.92
(b) Transfers from DoIT - $55,029,826.12
(b) Transfers from MDH - $259,832.75
(b) Transfers from MSP - $1,370,585.70
(b) Budget Amendment #084-23 $25,000,000 to MDH
(b) $25,000,000 Transfer to OPEB Trust.
(b) Budget Amendment #077-23 $24,000 Transfer to SDAT
(b) Budget Amendment #077-23 $1,011,675 Transfer to DGS
(b) Budget Amendment #077-23 $6,000 Transfer to Labor
(b) Budget Amendment #069-23 $42,649,000 to DGS
(b) Budget Amendment #069-23 $26,000,000 to Higher Ed
(b) Budget Amendment #069-23 $5,000,000 to MDE
(b) Budget Amendment #043-23 $94,090,549 to DoIT
(b) Budget Amendment #046-23 $5,000,000 to Labor
(b) Budget Amendment #014-23 $3,300,000 to MDE
(b) Budget Amendment #050-23 $2,568,637 to DoIT
(b) Budget Amendment #033-23 $6,250,442 to MDA
(b) Budget Amendment #033-23 $24,246,283 to DNR
(b) Budget Amendment #055-23 $7,200,000 to Military
(b) Budget Amendment #055-23 $3,000,000 to MHEC
(b) Budget Amendment #055-23 $10,367,000 to Higher Ed
(b) Budget Amendment #055-23 $33,856,000 to DGS
(b) Budget Amendment #014-23 $500,000 to Military
(b) Budget Amendment #014-23 $490,000 to MDVA
(b) Budget Amendment #014-23 $51,465,000 to DGS
(b) Budget Amendment #014-23 $13,620,000 to DNR
(b) Budget Amendment #014-23 $523,000 to DPSCS
(b) Budget Amendment #014-23 $3,000,000 to MHEC
(b) Budget Amendment #014-23 $10,694,000 to Higher Ed
(b) Budget Amendment #014-23 $1,260,000 to DJS
(b) Budget Amendment #002-23 $1,200,000 to MSDE
(b) Budget Amendment #008-23 $13,084,000 to DoIT
(b) Budget Amendment #008-23 $5,000,000 to DNR
(b) Budget Amendment #008-23 $10,000,000 to MDA
(b) Budget Amendment #008-23 $6,733,000 to DJS
(b) Budget Amendment #008-23 $450,000 to DPSCS
(b) Budget Amendment #008-23 $338,317,000 to Higher Education
(b) Budget Amendment #008-23 $51,500,000 to MPA
(b) Budget Amendment #008-23 $123,608,000 to DGS
(b) Transfer to MDOT - $167,000,000
(b) Budget Amendment #002-23 $15,368,715 to Civil Divisions
(b) Budget Amendment #002-23 $600,000 to Judiciary
(b) Budget Amendment #002-23 $500,000 to BPW
(b) Budget Amendment #002-23 $5,000,000 to Board Commissions
(b) Budget Amendment #002-23 $500,000 to BoE
(b) Budget Amendment #002-23 $10,000,000 to Planning
(b) Budget Amendment #002-23 $10,300,000 to MDOT
(b) Budget Amendment #002-23 $109,250,000 to MDH
(b) Budget Amendment #002-23 $35,000,000 to DHS
(b) Budget Amendment #002-23 $323,000 to DPSCS
(b) Budget Amendment #002-23 $2,040,000 to DHCD
(b) Budget Amendment #002-23 $74,175,000 to Commerce
(b) Budget Amendment #002-23 $8,400,000 to MSP
(b) Budget Amendment #002-23 $5,625,102 to Higher Ed
(b) Budget Amendment #002-23 $27,250,000 to MSDE
(b) Budget Amendment #002-23 $1,000,000 to DJS
(b) Budget Amendment #002-23 $8,000,000 to GOCPYVS
(b) Budget Amendment #002-23 $1,300,000 to SDAT
(b) Budget Amendment #001-23 $10,000,000 to DHS
(b) Transfer from DoIT - $2,487,180.93
(b) Transfer from Labor - $5,000,000

COMPTROLLER of MARYLAND
Serving the People

COMPTROLLER of MARYLAND

**Brooke E. Lierman**
*Comptroller*

**Robert J. Rehrmann**
*Director*
*Bureau of Revenue Estimates*

September 18, 2023

To: Honorable Brooke Lierman
Honorable Dereck Davis
Secretary Helene Grady

From: Robert J. Rehrmann, Director
Bureau of Revenue Estimates

Subject: Fiscal Year 2023 Revenues

General Fund (GF) revenues in Fiscal Year (FY) 2023 totaled $23.673 billion, a decrease of 1.5% over FY 2022, and -0.2%, or $39.2 million, below the estimate. Excluding extraordinary distributions and transfers, ongoing GF revenues totaled $24.473 billion, an increase of 1.7% over FY 2022, and -0.6%, or $139.2 million, below the estimate. The difference between ongoing revenue and total revenue is an $800.0 million special distribution to the Blueprint for Maryland's Future Fund (Blueprint Fund). The table below displays the forecast variance of the largest revenue sources. The Personal Income Tax (PIT) typically has a high dollar variance as it is the largest revenue source. The Sales and Use Tax (SUT) forecast was only -0.2% from the actual amount and was the most accurate forecast. In dollar terms the second and third largest forecast variances were miscellaneous revenues and interest on investments.

**Variances of Key Tax Types**

**($ in Millions)**

| Item | Dollar Variance | $ Variance Rank | Percent Variance | % Variance Rank |
|---|---|---|---|---|
| **Total General Fund** | ($39.2) | *n/a* | -0.2% | *n/a* |
| **Personal Income Tax** | (333.4) | 1 | -2.4% | 13 |
| **Sales Tax** | (12.8) | 10 | -0.2% | 14 |
| **Corporate Income Tax** | 84.1 | 4 | 4.9% | 8 |

Over the course of FY 2023 economic and revenue growth slowed significantly, largely due to the Federal Reserve's efforts to slow spending growth and reduce inflation. Inflation slowed but remains above the Federal Reserve's target. This outcome was largely anticipated in the Revenue Monitoring Committee's economic outlook. The forecasts of the State's major revenue sources – corporate income, personal income, and sales and use tax as well as Lottery revenues – were accurate and in total were only 1.1% below the estimates. About one-quarter of the under-attainment in the PIT was offset by greater than expected corporate income tax revenue, and minor variances in Lottery and SUT mostly canceled each other out. In total, these major revenue sources were $243.2 million below expectations.

The remaining revenue sources partially offset the net under-attainment of the major revenue sources. Of these other ten revenue sources, six exceeded the estimate and four were below. These other revenues totaled $2.527 billion, $104.0 million, or 4.3% over the estimated amount. The ongoing general fund revenue under-attainment of $139.2 million was reduced to $39.2 million after application of the revenue volatility cap as shown below.

| | | | **Difference from Estimate** | |
|---|---|---|---|---|
| | **Actual** | **Estimate** | **$ in Millions** | **%** |
| Personal Income Tax | $13,469.5 | $13,802.9 | ($333.4) | -2.4% |
| Corporate Income Tax | 1,816.0 | 1,731.9 | 84.1 | 4.9% |
| Sales and Use Tax | 6,005.2 | 6,018.0 | (12.8) | -0.2% |
| Lottery | 655.4 | 636.5 | 18.9 | 3.0% |
| All Other Revenues | 2,526.5 | 2,422.5 | 104.0 | 4.3% |
| **Ongoing Revenues** | **$24,472.7** | **$24,611.9** | **($139.2)** | **-0.6%** |
| Blueprint Distribution | 800.0 | 800.0 | 0.0 | |
| Revenue Volatility Cap | 0.0 | 100.0 | 0.0 | |
| **Total General Funds** | **($23,672.7)** | **($23,711.9)** | **($39.2)** | **-0.2%** |

- Personal Income Tax
  - PIT revenues decreased 0.6% due to a significant contraction in tax year 2022 nonwage income
    - Nonwage income shifted from double-digit growth in tax year 2021 to a double-digit contraction in tax year 2022
    - Forecast expected a decline but it was larger than anticipated
    - Withholding revenue growth was strong and was marginally above expectations
    - Final payments were significantly below the forecast
- Sales and Use Tax
  - GF revenue increased 0.6%
  - Total revenue increased by 1.6%
    - Taxable consumption spending slowed with overall economic activity, in line with expectations
    - Lower GF growth reflects increase in the percentage share of total revenues that are distributed to the Blueprint Fund

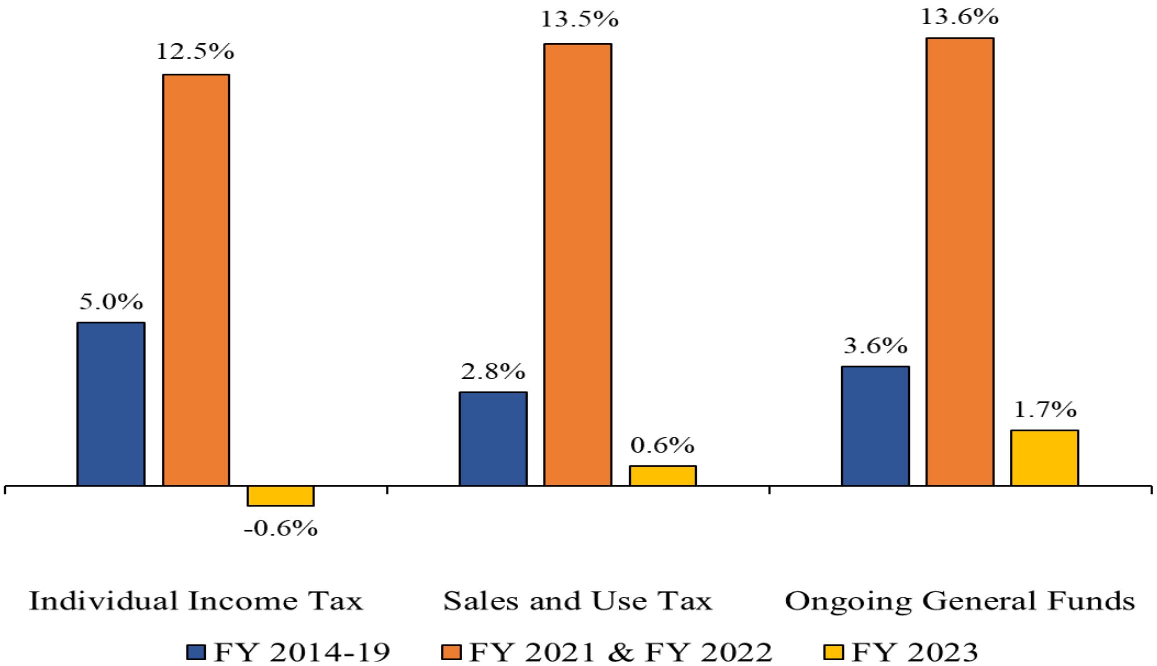
- Corporate Income Tax (CIT)
    - Revenues increased 6.8%:
        - Profit growth slowed significantly, but in line with expectations
        - Refunds were less than anticipated and have declined since FY 2020 despite significant revenue growth
- Other Revenues
    - Interest on investments was higher due to:
        - Elevated State cash balances
        - High nominal interest rates
    - Greater than expected interest income was mostly offset by less than expected miscellaneous revenues
    - Remaining revenue sources on net exceeded expectations

*The Big Picture – Ongoing Revenue Impacts after Federal Stimulus*

Economic growth following the COVID-19 pandemic (the pandemic) spiked due to federal pandemic assistance and loose monetary policy. Over the course of FY 2023 the Federal Reserve tightened monetary policy to reduce economic growth and therefore inflation. It is particularly difficult to forecast revenue when economic growth rates decelerate drastically as the forecast must accurately predict both the trajectory and timing of the slowdown. The magnitude of the slowdown in the economy to more typical growth rates is evident in the slowing of ongoing GF revenues from 17.5% in FY 2022 to 1.7% in FY 2023.

The economic outlook called for growth to slow, but remain positive, as the Federal Reserve tightened monetary policy. This outlook proved to be accurate, though it was necessary to adjust revenue down in the March forecast as growth of key sources had slowed marginally more than expected. The forecast also correctly had a decline in nonwage personal income tax revenue, though the actual amount was greater than expected. The accuracy of these expectations, combined with fortunate offsetting forecast errors of different tax types resulted in an unusually small forecast error.

The ongoing GF growth of 1.7% is not only a sharp deceleration from the elevated growth rates of the last two years but also below a typical growth rate for the State. This low growth is the result of the slowing economy and significant decrease in nonwage income which had contributed to the recent rapid growth. The chart below contrasts the slower growth rates of FY 2023 compared to the average growth rates in the last two fiscal years and the average annual growth rate prior to the pandemic.




Revenue growth going forward depends primarily on whether, and at what pace, the economy continues to grow. Inflation, while it has come down, remains above target. If the Federal Reserve eases up too soon inflation will rise again, necessitating another round of tightening. If the Federal Reserve eases up too late then the economy will slow further and potentially go into a recession. Nonwage income, as always, is another source of risk to revenue growth going forward. It is a volatile source and is typically the primary driver of forecast errors.

*Personal Income Tax*

*Nonwage Income Contributed to the Recent Surge in PIT Revenues*

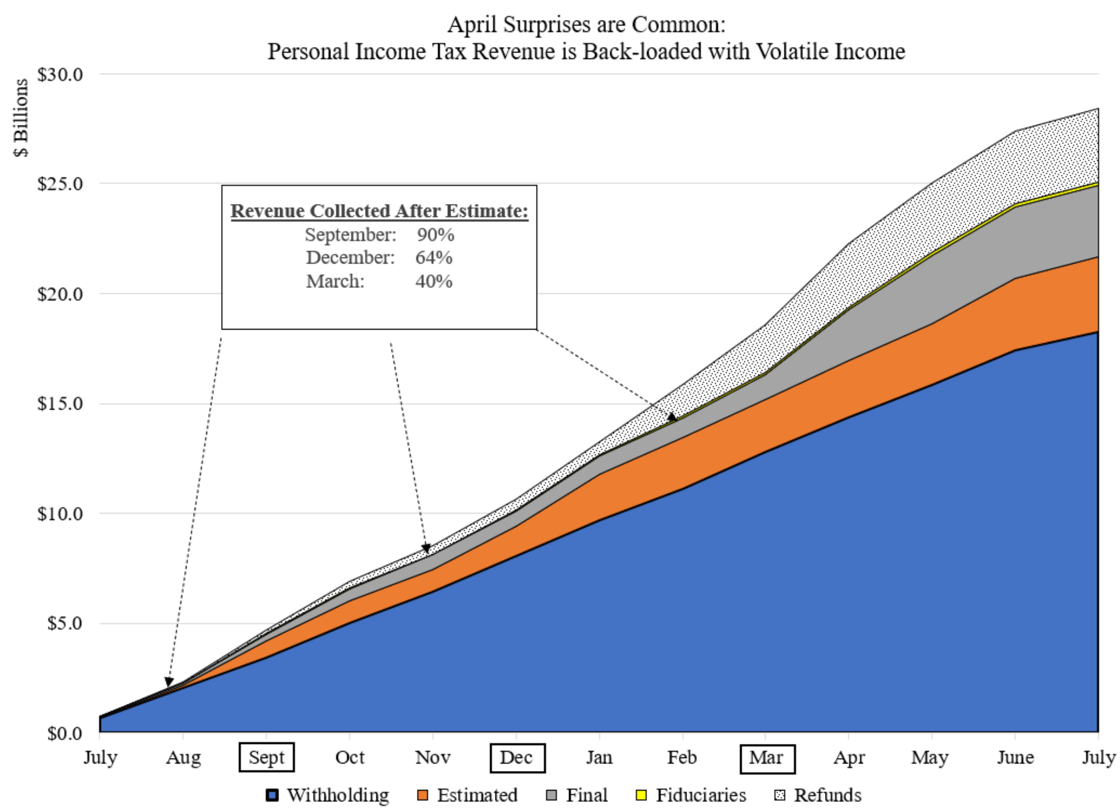
Withholding income taxes, generally those withheld from wages, comprises most of the income tax. Nonwage income, typically paid through estimated, final, and fiduciary payments, consists of dividend payments, interest income, rental income, business income, and capital gains. Although withholding taxes are a much larger share, the volatility of nonwage income can often cause unexpected changes in personal income tax collections.

In FY 2021 and FY 2022, the personal income tax increased by an average annual growth rate of 12.5%, much higher than typical. Nonwage income caused most of this surge, notably a 40% increase in estimated payments in FY 2021, mostly due to electing pass-through entities, and a 59% increase in final payments in FY 2022. Over these two years nonwage income increased by two-thirds, increasing its share of gross collections from 23% in the years before the pandemic to 31% in FY 2022. This shift to more volatile income also increased the volatility of the State's revenue structure as nonwage income comprised 1 out of every 5 dollars deposited in the general fund in FY 2022, roughly double its share ten years ago.

This surge of nonwage income also occurred in other states and the federal government. Non-withholding payments in the District of Columbia increased by 40% in FY 2021 and 57% in FY 2022, and in Virginia increased by 37.1% and 30.5%, respectively. Federal income tax collections also increased by a greater than expected amount, about 20% annually, also due to a large increase in nonwage income.

*Nonwage Income Revenue Forecasting Challenges*

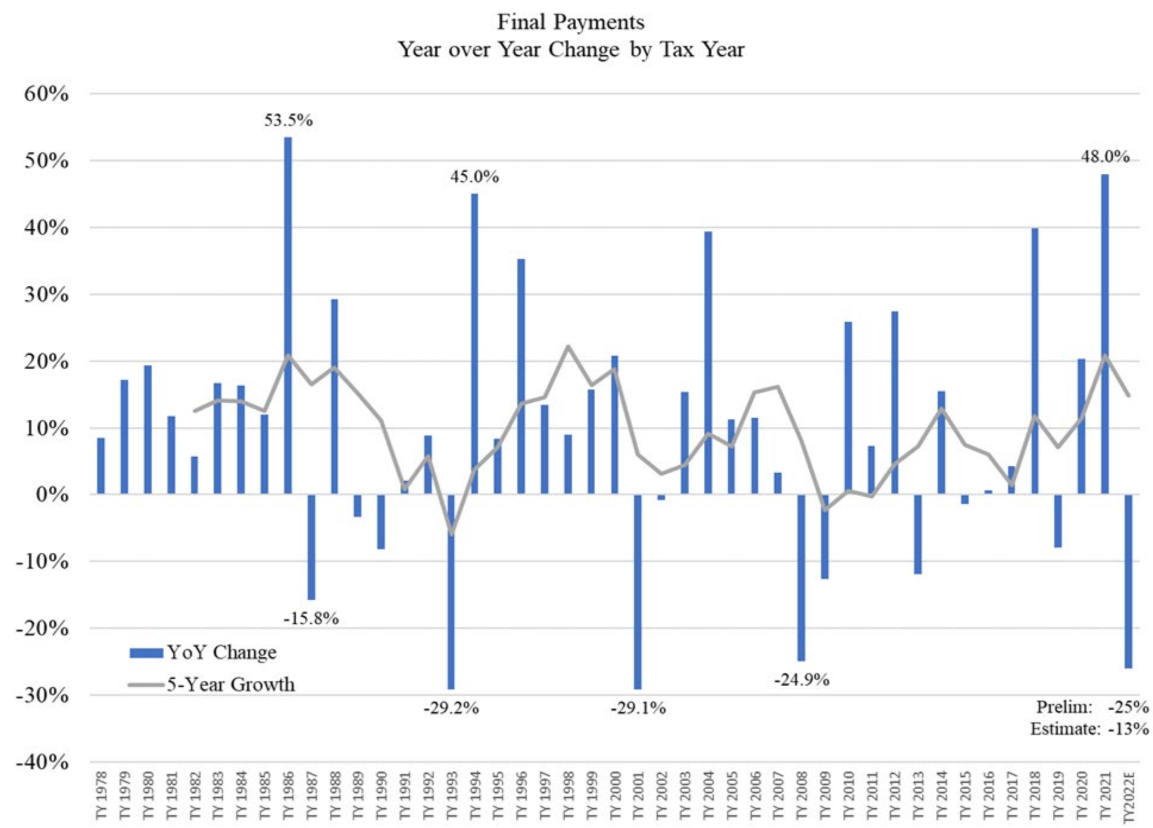
Not only is nonwage income volatile and extremely difficult to accurately predict, but it is also not uniformly collected throughout the year. In contrast, withholding revenues are collected monthly and easier to monitor. As a result, total PIT revenues are not collected uniformly throughout the year, with 40% collected after the March estimate (which at this point revenues through the prior month are typically known), and most nonwage income is collected after the March estimate. In addition, income tax refunds can be volatile and a majority of refunds are also issued after the data is incorporated in the March forecast. These factors contribute to what is often called the "April surprise" as these factors are difficult to predict and monitor. The chart below illustrates the cumulative amounts of FY 2023 State and local tax gross revenue and refunds by month, including the July accrual period at the end of the fiscal year.



*Forecasts Expected a Decline in Nonwage Income*

The FY 2023 forecasts anticipated that the recent surge in nonwage income was not sustainable and over several years would decrease and return to more typical ratios. The forecast expected capital gains to decrease cumulatively by 40% over several years, including a decline of about 20% in tax year 2022. The forecasts also stressed uncertainty given the elevated levels of nonwage income and downside risk should there be a greater than expected decline.

The decline in nonwage income was about double the amount expected in the forecast and offset the growth in withholding revenues. Preliminary data indicate that tax year 2022 final payments decreased by 25% compared to an anticipated decline of about 13%. This decline is among the largest within the last forty-five years and is the greatest volatility over a two-year period, eclipsing the volatile shift in final payments that occurred in 1986 to 1987.




As with the surge in nonwage income, the large decline in Maryland was mirrored by similar declines in other states and the federal government. In general, wealthier states including New York, California, and Massachusetts that rely on capital gains also had similar final payment declines.

The annual growth in State and local income taxes by component and difference from the estimate is shown below.

| Component | YoY Change | Estimate Variance $ in Millions | % |
|---|---|---|---|
| Withholding | 5.5% | 171.4 | 0.9% |
| Estimated Payments | -9.1% | (64.8) | -1.9% |
| Fiduciary Payments | -27.8% | (40.9) | -21.2% |
| Final & Extension Payments | -20.2% | (498.2) | -13.4% |
| Refunds | 10.6% | 99.2 | 3.0% |

Note: Includes both State and local income taxes

*Revenue Volatility Cap*

The 2016 Joint Chairmen's Report required that the Department of Budget and Management, the Comptroller of Maryland, and the Department of Legislative Services examine the volatility in Maryland's revenue structure and recommend an approach to reducing volatility. In response to the findings and recommendations of this report, the Spending Affordability Committee in its final report to the Governor recommended the consideration of legislation to mitigate the impact of these volatile revenue sources on the State budget.

Chapters 4 and 550 of 2017 implemented a two-part policy to mitigate the impact of volatile nonwage income on the State budget. First, in each fiscal year, if general fund revenues for the fiscal year are less than the March estimate, the amount of non-withholding income tax revenues that exceed the capped estimate must be applied to close the revenue gap for that fiscal year. Specified amounts must then be distributed to the Rainy Day Fund (up to the amount that brings the balance of the fund to 10% of general fund revenues), and the Fiscal Responsibility Fund. Money distributed to this fund must be appropriated in the second following fiscal year for specified pay-as-you-go capital projects.

In FY 2023, since nonwage income was below its estimate, there are no required revenue volatility cap revenue distributions. As discussed above, the nonwage income surge in FY 2022 was not anticipated in the forecast and non-withholding revenues exceeded the capped estimate by $870.3 million. Pursuant to the requirements of Chapters 4 and 550, as amended by subsequent Budget Reconciliation and Financing Acts, the Comptroller distributed $500.2 million to the Rainy Day Fund and $370.0 million was distributed to the Fiscal Responsibility Fund.

The second part of the revenue volatility cap requires the Bureau of Revenue Estimates (BRE) to calculate the ten-year average share of general fund revenues represented by non-withholding income tax revenues. The BRE, subject to specified maximum amounts, must "cap" its official fiscal year estimates of non-withholding revenues if the estimate exceeds this 10-year average. In fiscal 2023, the BRE capped its estimate by $100.0 million. This helped offset part of the unexpected decline in nonwage income and decreased the total forecast underestimate from $139.2 million to $39.2 million.

*Sales and Use Tax (SUT)*

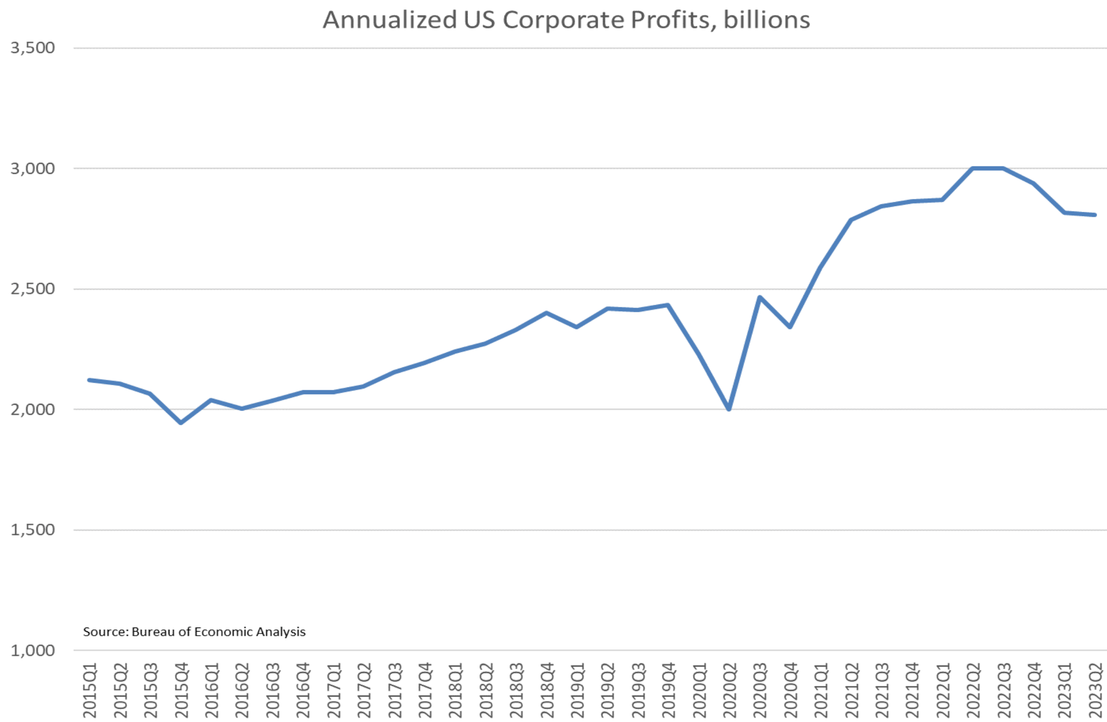
SUT revenues totaled $6.005 billion, only -0.2% or $12.8 million below the estimate. GF revenue increased 0.6% in FY 2023 following an increase of 19.6% in FY 2022. Gross revenue across all funds and before refunds increased 1.7% in FY 2023 compared to 21.0% in FY 2022. Consumption spending held up well during the pandemic as total income kept growing, largely due to government stimulus efforts. In the beginning, individuals saved some of the stimulus checks and payments. These accumulated savings helped sustain elevated consumption into FY 2022 but are now mostly drawn down.

In FY 2023, 9.2% of total SUT revenue was distributed to the Blueprint Fund. In prior years the distribution was based on the estimated revenue that was attributable to remote sales and digital goods purchases. The distribution to the Blueprint will increase until it eventually equals 12.1% in FY 2027. As a result, the GF share will grow more slowly than total revenue.

*Corporate Income Tax (CIT)*

A total of $1.816 billion in GF revenue was collected in FY 2023, 4.9% or $84.1 million over the estimate. GF revenue increased by 6.8% in FY 2023 compared to 16.3% in FY 2022. Final payments, based on TY 2022 profits, fell by 6.9% while estimated payments increased by 11.3%.

According to Moody's Analytics, U.S. corporate profits increased by 13.7% in FY 2022 while in FY 2023 profits are estimated to have fallen -0.1%. Gross revenue increased by 6.2% in FY 2023 compared to 12.6% growth in FY 2022. Refunds fell 3.7%, boosting the growth of net revenue to 6.8% in FY 2023. Refunds continued their downward trend from pre-pandemic levels. This was largely anticipated in the forecast and as a result, lower refunds did not contribute as much to the over-attainment of revenue as in recent years.




CIT revenue has doubled since 2018. This increase is attributable to the federal *Tax Cuts and Jobs Act* (TCJA), which led to higher reported domestic profits, and the impact of the pandemic and government stimulus on profits. In a recession, firms cut costs to maximize profit in the face of falling revenue, mainly by cutting employment. After an initial decline in profits in the pandemic recession, demand recovered and supply constraints raised prices. Once demand recovered, firms in the aggregate saw significant profit growth.

The unequal impact of the pandemic, coupled with significant government assistance for firms in all sectors, means firms in the sectors least affected by the pandemic have done very well. Firms in those sectors, such as professional business services, typically have higher profit margins. Additionally, the International Monetary Fund finds that competition among producers is declining over time. As competition decreases, firms receive more profit by producing less at a higher real price than a more competitive market would. This is a structural factor that changes gradually over time, but it helps explain profits growing faster than overall income.

*Miscellaneous Revenues*

Miscellaneous revenues were the other significant source of under-attainment relative to the forecast. FY 2023 revenues totaled $330.3 million, about $141.9 million below the estimate. Most of this was due to less than anticipated Maryland Department of Health behavioral recoupment revenue that was anticipated in the FY 2023 and FY 2024 State budgets. In lieu of revenue, the money was realized as a reduction in provider payments.

*Interest Income*

In recent years, before the increase in interest rates and the State's large cash position, interest income typically generated $33.0 million. The FY 2023 forecasts increased interest income revenue in recognition of these factors, including a $55.0 million increase in the September estimate and an additional increase of $50.0 million in the March forecast, which projected interest income would total $175.0 million in FY 2023. Interest income totaled $312.5 million, which was $137.5 million over the estimate thereby largely canceling out the below expectations miscellaneous revenue amount. About $100.0 million of the FY 2023 interest income revenue was recognized during the accrual period.

*Other Revenues*

The remaining revenues were on net $108.4 million above expectations. Of these revenues, the business franchise tax had the largest positive dollar variance. Chapters 323 and 324 of 2016 established the Maryland Small Business Retirement Savings Program, which establishes a waiver from the State annual filing fee for employers who meet program requirements, but the program did not begin until September 15, 2022. The FY 2023 forecasts anticipated that business franchise taxes would decrease based on the estimated fiscal impact of the legislation. However, business franchise taxes increased by 3%, totaling $272.4 million and $49.4 million over the estimate. About 80% of the greater than expected revenue was due to slower enrollment and/or lower eligibility than expected. In addition to the business franchise tax, estate and inheritance taxes and the insurance premium tax were also above expectations.

## Actual and Estimated General Fund Revenue
## Fiscal Year 2023

| | Fiscal Year 2023 | | | | Fiscal Year 2022 | Growth FY 22 - FY 23 | |
|---|---|---|---|---|---|---|---|
| | | | Difference from Estimate | | | | |
| | Actual | Estimated [1] | $ | % | Actual | $ | % |
| INCOME TAXES | | | | | | | |
| Individual | 13,469,498,165 | 13,802,924,235 | (333,426,070) | -2.4% | 13,548,045,155 | (78,546,990) | -0.6% |
| Corporation | 1,816,002,296 | 1,731,939,512 | 84,062,784 | 4.9% | 1,700,267,793 | 115,734,503 | 6.8% |
| Total | 15,285,500,461 | 15,534,863,747 | (249,363,287) | -1.6% | 15,248,312,948 | 37,187,513 | 0.2% |
| SALES AND USE TAXES | 6,005,249,395 | 6,018,015,993 | (12,766,597) | -0.2% | 5,966,843,130 | 38,406,265 | 0.6% |
| STATE LOTTERY RECEIPTS | 655,388,397 | 636,450,639 | 18,937,758 | 3.0% | 635,074,503 | 20,313,894 | 3.2% |
| OTHER REVENUES | | | | | | | |
| Business Franchise Taxes | 272,397,806 | 222,982,668 | 49,415,138 | 22.2% | 264,442,531 | 7,955,275 | 3.0% |
| Insurance Premium Tax | 682,832,959 | 648,027,466 | 34,805,493 | 5.4% | 631,379,817 | 51,453,141 | 8.1% |
| Estate and Inheritance Taxes | 303,713,151 | 268,740,565 | 34,972,586 | 13.0% | 266,054,790 | 37,658,361 | 14.2% |
| Tobacco Taxes | 448,656,959 | 463,765,664 | (15,108,705) | -3.3% | 479,157,750 | (30,500,791) | -6.4% |
| Alcoholic Beverages Excises | 37,171,335 | 35,910,671 | 1,260,664 | 3.5% | 39,076,478 | (1,905,143) | -4.9% |
| District Courts | 38,633,847 | 40,269,042 | (1,635,195) | -4.1% | 41,256,487 | (2,622,639) | -6.4% |
| Clerks of Court | 28,245,062 | 33,303,518 | (5,058,456) | -15.2% | 36,893,162 | (8,648,100) | -23.4% |
| Hospital Patient Recoveries | 72,075,364 | 62,300,000 | 9,775,364 | 15.7% | 68,829,266 | 3,246,098 | 4.7% |
| Interest on Investments | 312,525,713 | 175,000,000 | 137,525,713 | 78.6% | 48,977,994 | 263,547,719 | 538.1% |
| Miscellaneous | 330,290,846 | 472,228,344 | (141,937,498) | -30.1% | 331,919,546 | (1,628,700) | -0.5% |
| Total | 2,526,543,040 | 2,422,527,937 | 104,015,103 | 4.3% | 2,207,987,819 | 318,555,221 | 14.4% |
| TOTAL CURRENT REVENUES | 24,472,681,293 | 24,611,858,316 | (139,177,023) | -0.6% | 24,058,218,401 | 414,462,893 | 1.7% |
| Rental Housing Fund [2] | - | - | - | | (30,000,000) | 30,000,000 | -100.0% |
| Blueprint for Maryland's Future Fund [3] | (800,000,000) | (800,000,000) | - | 0.0% | - | (800,000,000) | |
| Extraordinary Revenues [4] | - | - | - | | 16,311,081 | (16,311,081) | -100.0% |
| Volatility Cap [5] | #N/A | (100,000,000) | | | - | - | |
| GRAND TOTAL | 23,672,681,293 | 23,711,858,316 | (39,177,023) | -0.2% | 24,044,529,481 | (371,848,188) | -1.5% |

[1] The 2023 Legislative Session resulted in an additional $50.0 million in estimated revenues beyond the March 2023 official estimate; this table has been adjusted accordingly

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

[3] Chapter 33 of 2022 diverted $800 million from individual income tax revenues to the Blueprint Fund

[4] Extraordinary revenues reflect $16,311,081 attributable to the Maryland Technology Development Corporation (TEDCO)

[5] Established by Chapters 4 & 550 of 2017 and amended by subsequent Budget Reconciliation and Financing Acts.

Bureau of Revenue Estimates, September 18, 2023