



**Peter Franchot**  
Comptroller

November 16, 2007

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

Honorable Thomas V. "Mike" Miller, Jr.  
President, Senate of Maryland  
State House  
Annapolis, Maryland 21401

Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House  
Annapolis, Maryland 21401

Dear Governor, President and Speaker:

General fund revenues for the month of October totaled \$986.3 million, an increase of 12.8% from October 2006. For the fiscal year to date, general fund collections are \$3.276 billion, 2.3% higher than last year (see attached table). Revenue performance continues to be on course with the preliminary fiscal year 2008 staff estimates from the Bureau of Revenue Estimates.

#### *Individual Income Tax*

General fund individual income tax receipts for the month of October increased 12.1% over a year ago. Year to date growth is now 6.8%. With one more deposit day than October 2006, withholding increased 9.2% for the month, bringing growth in year to date collections to 7.4%. Estimated income tax payments in October, a quiet month after third quarter payments were due in September, were up 43.2% over last year and are currently up 5.5% for the year. Final payments are up 2.6% for the year, and refunds have grown 21.9% for the year, although no conclusions about revenue performance can be drawn from those figures.

#### *Corporate Income Tax*

October is an off-month for corporate income tax receipts, although refunds are often large. Gross receipts grew 6.2% in October, but are still down 1.1% for the year. Refunds increased 52.5% in October, although year to date growth has declined from almost 300% to just over 150%. Net receipts have declined 41.7%; at this point corporate income tax is the only major revenue source that compares unfavorably with expectations.

#### *Sales Tax*

General fund sales tax receipts barely grew in October (September sales), at just 0.2%. Weakness was apparent in all sectors. This is a disappointment after September collections (August sales) showed almost 6% baseline growth. Nationally, this trend in consumer sales has been blamed in part on warm weather discouraging purchases of cold-weather apparel. Sales tax revenues are up 3.3 for the year to date.

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*Lottery*

The Lottery put in a strong performance in October, with sales increasing 15.4% over last year. General fund lottery revenues increased 5.2% over October last year and are up 7.6% year to date. Ticket sales are up 66% for Mega Millions, 28.6% for Instant games, and almost 12% for Keno/Racetrax (now also including Maryland Hold'em). The revenue picture is actually somewhat better—due to the large Mega Millions jackpot of several months ago, the Stadium Authority will receive its allotment of revenue several months more quickly than expected. Year to date revenue growth including Stadium Authority monies is 11.6%.

*Other Revenues*

All other revenues grew in October except for insurance premium taxes (an off month), alcoholic beverage excise taxes and motor fuel taxes. Estate taxes and miscellaneous revenues are running ahead of expectations, and there are no signs of difficulties in any of the other smaller revenue sources.

I hope this information is helpful. If you have any questions or concerns, please do not hesitate to contact me or David F. Roose, Director of the Bureau of Revenue Estimates.

Sincerely,



Peter Franchot  
Comptroller

cc: Treasurer Nancy K. Kopp  
Secretary T. Eloise Foster  
Senator Ulysses Currie  
Senator David R. Brinkley  
Delegate Norman H. Conway  
Delegate Sheila E. Hixson  
Delegate Anthony J. O'Donnell  
Warren G. Deschenaux  
Linda L. Tanton  
David Weaver

**State of Maryland General Fund Source Revenue Collections**  
**Fiscal Year 2008 (October)**  
**Summary Report**  
(\$ in thousands)

	October			Year to Date		
	FY 2008	FY 2007	Growth	FY 2008	FY 2007	Growth
<b>General Fund Receipts</b>						
Individual Income Tax	513,820	458,521	12.1%	1,752,302	1,640,911	6.8%
Corporate Income Tax	(5,429)	(1,196)	353.7%	91,055	148,912	-38.9%
Sales Tax	300,448	299,923	0.2%	867,626	839,637	3.3%
Lottery	38,772	36,844	5.2%	152,723	141,957	7.6%
Franchise Tax	3,221	2,046	57.4%	43,964	39,783	10.5%
Premium Tax	(384)	3,624	-110.6%	69,478	74,341	-6.5%
Death Taxes	33,075	18,505	78.7%	83,492	96,711	-13.7%
Alcohol / Tobacco	26,702	25,043	6.6%	86,848	87,839	-1.1%
Court Revenues	12,374	9,468	30.7%	51,042	55,934	-8.7%
Interest	39,950	5,571	617.1%	14,327	22,754	-37.0%
Miscellaneous	23,736	16,366	45.0%	63,288	53,006	19.4%
<b>Total</b>	<b>986,287</b>	<b>874,715</b>	<b>12.8%</b>	<b>3,276,145</b>	<b>3,201,786</b>	<b>2.3%</b>
<b>Individual Income Tax Detail</b>						
Withholding	902,633	826,270	9.2%	2,938,898	2,737,059	7.4%
Estimated	78,041	54,493	43.2%	499,086	473,222	5.5%
Final / Fiduciary	80,534	71,127	13.2%	164,220	160,042	2.6%
Gross Receipts	1,061,209	951,890	11.5%	3,602,203	3,370,323	6.9%
Refunds	(92,613)	(75,992)	21.9%	(216,800)	(168,564)	28.6%
Net Receipts	<b>968,596</b>	<b>875,898</b>	<b>10.6%</b>	<b>3,385,403</b>	<b>3,201,759</b>	<b>5.7%</b>
<b>Corporate Income Tax Detail</b>						
Estimated	21,758	22,651	-3.9%	186,891	184,101	1.5%
Final	16,991	13,845	22.7%	68,332	74,078	-7.8%
Gross Receipts	38,749	36,495	6.2%	255,223	258,178	-1.1%
Refunds	(45,892)	(30,085)	52.5%	(135,414)	(52,581)	157.5%
Net Receipts	<b>(7,143)</b>	<b>6,411</b>	<b>-211.4%</b>	<b>119,809</b>	<b>205,597</b>	<b>-41.7%</b>
<b>Lottery Sales</b>	<b>140,626</b>	<b>121,869</b>	<b>15.4%</b>	<b>550,231</b>	<b>482,325</b>	<b>14.1%</b>

Income tax receipts are shown before distributions to the local reserve fund and to/from the refund reserve fund for the individual income tax, and before distributions to the Transportation Trust Fund and to/from the refund reserve fund for the corporate income tax.